

# Exhibit A



## Notice of Service of Process

null / ALL  
Transmittal Number: 21479119  
Date Processed: 05/06/2020

**Primary Contact:** SOP Team nwsop@nationwide.com  
Nationwide Mutual Insurance Company  
Three Nationwide Plaza  
Columbus, OH 43215

**Electronic copy provided to:** Ashley Roberts

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**Entity:** Scottsdale Insurance Company  
Entity ID Number 3286058

**Entity Served:** Scottsdale Insurance Company

**Title of Action:** Ybarra Investments, Inc. d/b/a Gringo's Mexican Kitchen vs. Scottsdale Insurance Company, Terry Allen Slater, and Harris County, Texas

**Matter Name/ID:** Ybarra Investments, Inc. d/b/a Gringo's Mexican Kitchen vs. Scottsdale Insurance Company, Terry Allen Slater, and Harris County, Texas (10226362)

**Document(s) Type:** Citation/Petition

**Nature of Action:** Contract

**Court/Agency:** Harris County District Court, TX

**Case/Reference No:** 2020-25079

**Jurisdiction Served:** Texas

**Date Served on CSC:** 05/05/2020

**Answer or Appearance Due:** 10:00 am Monday next following the expiration of 20 days after service

**Originally Served On:** CSC

**How Served:** Personal Service

**Sender Information:** Matthews & Associates  
N/A

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**To avoid potential delay, please do not send your response to CSC**

251 Little Falls Drive, Wilmington, Delaware 19808-1674 (888) 690-2882 | sop@cscglobal.com

CAUSE NO. 2020-25079

COPY OF PLEADING PROVIDED BY PLT

RECEIPT NO: 864756 TRACKING NO: 73746435

Plaintiff:  
YBARRA INVESTMENTS INC (D/B/A GRINGO'S MEXICAN KITCHEN)  
vs.  
Defendant:  
SCOTTSDALE INSURANCE COMPANY

In The 333rd  
Judicial District Court of  
Harris County, Texas  
201 CAROLINE  
Houston

@ 12:30 PM  
Came to Hand: 5 15 2020

## CITATION CORPORATE

THE STATE OF TEXAS  
County of Harris

Delivered: 05/05/2020

By: VS 956-12617

To: SCOTTSDALE INSURANCE COMPANY (OHIO CORPORATION) MAY BE SERVED THROUGH ITS  
REGISTERED AGENT CORPORATION SERVICE COMPANY  
211 E 7TH ST SUITE 620, AUSTIN TX 78701-3218

Attached is a copy of: PLAINTIFF'S ORIGINAL PETITION

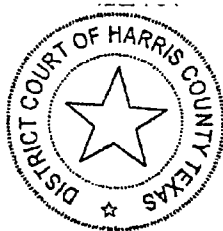
This instrument was filed on April 21, 2020 in the above cited cause number and court. The instrument attached describes the claim against you.

**YOU HAVE BEEN SUED.** You may employ an attorney. If you or your Attorney do not file a written answer with the District Clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration date of 20 days after you were served this citation and petition, a default judgment may be taken against you.

This citation was issued on April 30, 2020, under my hand and seal of said court.

Issued at the request of:

MATTHEWS, DAVID P.  
2905 SACKETT ST  
HOUSTON, TX 77098-0000  
713-222-8080  
Bar Number: 13206200



*Marilyn Burgess*

Marilyn Burgess, District Clerk

Harris County, Texas  
201 CAROLINE Houston Texas 77002  
(PO Box 4651, Houston, Texas 77210)

Generated By: MARCELLA SINGLETON

Tracking Number: 73746435

CAUSE NUMBER: 2020-25079

PLAINTIFF: YBARRA INVESTMENTS INC (D/B/A GRINGO'S MEXICAN KITCHEN) In the 333rd

vs.

Judicial District Court of

DEFENDANT: SCOTTSDALE INSURANCE COMPANY

Harris County, Texas

OFFICER - AUTHORIZED PERSON RETURN

Came to hand at \_\_\_\_\_ o'clock \_\_\_\_ M. on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. Executed at

(Address) \_\_\_\_\_  
in

\_\_\_\_\_ County at o'clock \_\_\_\_ M. On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

Delivering to \_\_\_\_\_ defendant, in person, a true copy of this Citation together with the accompanying \_\_\_\_\_ copy (ies) of the «Attachment». Petition attached thereto and I endorsed on said copy of the Citation the date of delivery.

To certify which I affix my hand officially this \_\_\_\_\_ day of \_\_\_\_\_, 20.

Fees \$ \_\_\_\_\_

\_\_\_\_\_  
Affiant

By \_\_\_\_\_  
Deputy

On this day, \_\_\_\_\_, known to me to be the person whose signature appears on the foregoing return, personally appeared. After being by me duly sworn, he/she stated that this citation was executed by him/her in the exact manner recited on the return.

SWORN TO AND SUBSCRIBED BEFORE ME, On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

CAUSE NO. \_\_\_\_\_

YBARRA INVESTMENTS, INC.,	§	IN THE DISTRICT COURT
d/b/a GRINGO'S MEXICAN KITCHEN,	§	
	§	
Plaintiff,	§	
	§	
v.	§	____ JUDICIAL DISTRICT
	§	
SCOTTSDALE INSURANCE COMPANY,	§	
TERRY ALLEN SLATER, and	§	
HARRIS COUNTY, TEXAS,	§	
	§	
Defendants.	§	HARRIS COUNTY, TEXAS

**PLAINTIFF'S ORIGINAL PETITION**

Plaintiff YBarra Investments, Inc. d/b/a GRINGO's MEXICAN KITCHEN ("Plaintiff") hereby files this Petition against Defendants Scottsdale Insurance Company ("Scottsdale"), Terry Allen Slater, and Harris County, Texas, (collectively "Defendants") and alleges as follows:

**DISCOVERY LEVEL**

Plaintiff intends that discovery be conducted under Level 3 pursuant to Rule 190.4 of the Texas Rules of Civil Procedure and seeks monetary relief over \$1,000,000.00.

**I.**  
**INTRODUCTION**

1. Plaintiff is the owner and operator of a chain of restaurants in Texas that have been forced, by recent orders of civil authorities to cease their on-premises dining operations as part of the State of Texas' efforts to slow the spread of the COVID-19 global pandemic. The closures mandated by these orders present a threat to local businesses, such as Plaintiff's, that employ Texas residents. To protect its businesses from potentially catastrophic risks such as this, Plaintiff sought and paid substantial premiums for insurance coverage against losses of business income and

actions of civil authorities. Defendant Scottsdale has denied Plaintiff's claims arising from the government-ordered interruption of Plaintiff's business.

## **II. PARTIES**

2. At all relevant times, Plaintiff YBarra Investments, Inc. d/b/a Gringos Mexican Kitchen is a resident and citizen of Texas. At all relevant times, YBarra was authorized to do business and doing business in the State of Texas by owning, operating, managing and controlling a commercial business consisting of certain Gringos Mexican Kitchen, Jimmy Changas, Bullrito's, The Lunchbox, and Burger Libre restaurants in Texas. Plaintiff YBarra Investments, Inc. has its corporate headquarters at 2601 Underwood Road, LaPorte, Texas 77571-9477.

3. Defendant Scottsdale Insurance Company is an Ohio corporation with its principal place of business at 8877 N. Gainey Center Drive, Scottsdale, Arizona 85258-2108. Defendant Scottsdale Insurance Company may be served by serving the its registered agent: Corporation Service Company 211 E. 7th Street, Suite 620 Austin, Texas 78701-3218.

4. Defendant Terry Allen Slater is an individual engaged in the business of procuring appropriate insurance coverage selling insurance contracts to commercial entities such as Plaintiff in Texas, and maintains his principle place of business at 1 Sugar Creek Center Blvd #870, Sugar Land, Texas, 77478. Defendant Terry Allen Slater may be served at his principal place of business.

5. Defendant Harris County, Texas is a governmental subdivision of the State of Texas. Defendant Harris Count, Texas can be served by serving the County Judge of Harris County, Lina Hidalgo, at 1001 Preston, Suite 911, Houston, Texas 77002.

**III.**  
**JURISDICTION AND VENUE**

6. This Court has jurisdiction over the subject matter of this action and the parties and damages sought are within the jurisdictional limits of the court.

7. At all times relevant to this action Defendant Scottsdale was engaged in substantial business activities within the state of Texas including entering into contracts to insure Plaintiff and other Texas residents for damage and loss occurring within the state of Texas. Defendant Scottsdale regularly solicits and transacts business in Texas.

8. There is no federal jurisdiction over this matter because Plaintiff asserts claims against forum defendants Terry Allen Slater and Harris County, Texas. Defendants are therefore precluded from removing this civil action. 28 U.S.C. § 1441(b)(2) (“A civil action . . . may not be removed if any of the parties properly joined and served as defendants is a citizen of the State in which such action is brought.”).

9. This lawsuit is not subject to removal based on the existence of a federal question. Plaintiff asserts common law and/or statutory claims under state law. These claims do not arise under the Constitution, laws, or treaties of the United States. 28 U.S.C. § 1447(c).

10. Pursuant to Texas Civil Practice and Remedies Code section 15.002, venue is proper in this Court because a substantial part of the acts and/or omissions giving rise to Plaintiff's claims took place, in whole or in part, within the venue of this Court. This action involves an insurance policy sold by a citizen and resident of Harris County, Texas to a Harris County, Texas policyholder operating restaurants in Harris County, Texas and Orders issued by a Harris County, Texas judge. Further, Defendants Slater and Harris County, Texas reside and/or maintain principal places of business in Harris County, Texas.

**IV.**  
**FACTUAL ALLEGATIONS**

11. At all relevant times, Plaintiff operated a group of restaurants, primarily in the Greater Houston Area, including Harris County and surrounding counties.

**A. The Scottsdale Insurance Policy**

12. On or about August 31, 2019, Plaintiff entered into a contract of insurance with Scottsdale, whereby Plaintiff agreed to make payments in exchange for Scottsdale's promise to insure Plaintiff for losses at the following four (4) restaurants that are owned by YBarra (the "Insured Properties"):

- Gringos Mexican Kitchen 2- 2631 Underwood Rd., La Porte, TX. 77571
- Jimmy Changas 1- 5144 Center Street Pasadena TX 77505
- Jimmy Changas 2 - 2504 S. Gulf Freeway, League City, TX 77573
- The Lunchbox- 9709 Spencer Hwy., Suite A, La Porte TX 77571

20. The Insured Properties are covered under an insurance policy issued underwritten by Scottsdale bearing Policy Number CPS3183471 (the "Scottsdale Policy"). The Scottsdale Policy is attached hereto as *Exhibit A* and incorporated herein by reference.

21. The Scottsdale Policy is currently in full effect, providing coverages between the period of August 31, 2019 through August 31, 2020.

22. Plaintiff faithfully paid premiums for the Scottsdale Policy.

**C. Coverage Under the Scottsdale Policy.**

**Coverage**

23. The Scottsdale Policy provides that a covered cause of loss under the Policy means direct physical loss or damage unless the loss or damage is specifically excluded or limited elsewhere in the policy.



24. In the Scottsdale Policy, Scottsdale agrees to pay for "direct physical loss of or damage to Covered Property at the described premises...caused by or resulting from any Covered Cause of Loss."

25. Under the Scottsdale Policy, a Covered Cause of Loss is defined as a "direct physical loss unless the loss is excluded or limited in [the] policy."

Coverage: Business Income.

26. The Scottsdale Policy included coverage to insure against a loss of "Business Income." The Scottsdale Policy's "Business Income" coverage applies to cover "the actual loss of 'Business Income' you sustain due to the necessary suspension of your 'operations' during the 'period of restoration.' This coverage is set forth under "Business Income" as part of the Scottsdale Policy's "Coverages" section.

Additional Coverage: Civil Authority

27. The Scottsdale Policy purchased by Plaintiff included additional coverage to insure against the losses of business income and extra expenses caused by the actions of a civil authority that prohibits access to the Insured Premises. The Scottsdale Policy's "Civil Authority" coverage states "[w]hen a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises." The Civil Authority provision further states that the following must apply "(1) access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property, and (2) the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation for the Covered Cause of Loss..." This

additional coverage is set forth under "Civil Authority" as part of the Scottsdale Policy's "Additional Coverages" section.

Exclusion: Virus and Bacteria

28. In late 2011, the U.S. Food and Drug Administration announced the establishment of a Coordinated Outbreak Response and Evaluation ("CORE") Network focused on addressing foodborne illnesses such as those caused by viruses and bacteria. In the following years, the CORE network and Center for Disease Control increased coordinated efforts to identify, raise awareness regarding, and address foodborne illnesses. Around the same time, many insurance carriers began working exclusions into their commercial insurance policies for losses caused by viruses and bacteria.

29. The Scottsdale Policy excludes "any loss of damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease."

30. Persons and entities in the restaurant business are used to thinking of bacteria and viruses as potential causes of food poisoning and other illnesses. Stringent food safety and sanitation practices are imposed and followed by Plaintiff to manage the risks posed by viruses and bacteria and to avoid foodborne viral or bacterial outbreaks inside the Insured Properties.

31. Indeed, when preparing so called "virus" exclusions to be placed in some policies, the insurance industry's drafting arm, ISO, circulated a statement to insurance regulators reflecting that the exclusion related to damage causing viruses on *interior* building surfaces:

Disease-causing agents may render a product impure (change its quality or substance), or enable the spread of disease by their presence *on interior building surfaces* or the surfaces of personal property. When disease-causing viral or bacterial contamination occurs, potential claims involve the cost of replacement of property (for example, the milk), cost of decontamination (for example,

interior building surfaces), and business interruption (time element) losses. Although building and personal property could arguably become contaminated (often temporarily) by such viruses and bacteria, the nature of the property itself would have a bearing on whether there is actual property damage. An allegation of property damage may be a point of disagreement in a particular case. (emphasis added).

Insurance Services Office, Inc. ("ISO") Circular LI-CF-2006-175 *New Endorsements Filed to Address exclusion of Loss Due to Virus or Bacteria* (July 6, 2006)(emphasis added), available at <https://www.propertyinsurancecoveragelaw.com/files/2020/03/ISO-Circular-LI-CF-2006-175-Virus.pdf>

32. The ambiguous "Virus and Bacteria" exclusion in the Scottsdale Policy, does not refer to pandemics. Although a future pandemic event could be catastrophic for Plaintiff's restaurant business, Plaintiff was not advised by Scottsdale or Terry Slater that (a) that the exclusion was meant to cover loss and damage caused by a virus pandemic outside the Insured Properties, (b) that the virus exclusions in the Scottsdale Policy would leave Plaintiff without coverage for future pandemics, or (c) that Plaintiff should obtain additional insurance endorsements against microscopic threats and pandemic events (either from Scottsdale or another insurer) to meet Plaintiff's desire for coverage against potentially catastrophic risks outside Plaintiff's control.

**B. Acts and Omissions of Terry Slater**

33. Terry Slater worked with and for Plaintiff in securing a policy that would meet Plaintiff's insurance needs.

34. A special relationship existed between Slater and Plaintiff. Plaintiff had extensive, ongoing communications with Slater over a ten (10) year period of time. Plaintiff had regular conversations with Slater and Slater volunteered input on a variety of issues related to Plaintiff's

insurance needs. On multiple occasions, Plaintiff inquired and consulted with Slater regarding the adequacy of Plaintiff's insurance coverage.

35. Slater was aware, both from express conversations and from past course of dealings, that Plaintiff was relying upon Slater to assess Plaintiff's insurance needs and to counsel Plaintiff as to how best to protect itself from risks that could harm its business. In particular, after suffering losses related to Hurricane Harvey, Plaintiff discussed with Slater its desire to insure itself against risks that were beyond Plaintiff's control.

36. Plaintiff asked Slater to procure for Plaintiff the best available policy with complete coverage for any catastrophic events.

37. Plaintiff expected, based on Plaintiff's past course of dealings with Slater, that Slater would advise Plaintiff of substantial uncovered risks (such as a pandemic) which had the potential to ruin Plaintiff's business but that were not insured.

38. Slater did not inform Plaintiff about coverage issues or deficiencies related to virus pandemics, or that Plaintiff would not be covered under the Scottsdale Policy in the event of a virus pandemic. Slater did not inform Plaintiff of available options for coverage that would protect Plaintiff in the event of a virus pandemic.

**B. The Global Covid-19 Pandemic**

39. The global Covid-19 pandemic has physically impacted both public and private property and physical spaces around the world.

40. The pandemic has been exacerbated by the fact that the deadly virus physically infests and stays on surfaces of objects or materials. Notably, the most potent form of the virus is not airborne but rather present on physical surfaces. A recent scientific study printed in the New England Journal of Medicine explains that the virus is detectable for up to three hours in aerosols,

up to four hours on copper, up to 24 hours on cardboard boxes, and up to three days on plastic and stainless steel.<sup>1</sup>

41. As of April 17, 2020, the Centers for Disease Control and Prevention ("CDC") reports 661,712 Covid-19 cases in the United States and its territories. The CDC reports 33,049 deaths are attributed to Covid-19 through the same date.

42. The scientific community in the United States and across the world, including the World Health Organization, has recognized that the coronavirus is a cause of real physical loss and damage. Numerous government entities have also recognized the coronavirus as a cause of physical loss and damage to property.

### **C. Actions and Orders of Civil Authorities**

43. The presence of Covid-19 has caused civil authorities throughout the country to issue orders requiring the suspension of business at a wide range of establishments, including civil authorities with jurisdiction over Plaintiff's business.

44. On March 11, 2020, Harris County Judge Lina Hidalgo issued an order declaring a local disaster and public health emergency. On March 13, 2020, a Declaration of State of Disaster was issued by Governor Greg Abbott.

45. On March 16, 2020, Harris County Judge Lina Hidalgo issued an Order outlining measures intended to protect the public and mitigate the spread of Covid-19 which was effective at 8:00 am on March 17, 2020. This Order, together with subsequent similar Orders, amendments, and extensions issued by Judge Hidalgo, and Orders issued by Texas Governor Greg Abbott are referred to herein as the " Covid-19 Restriction Orders" and are attached hereto as *Exhibit B* and incorporated herein by reference.

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<sup>1</sup> See Aerosol and Surface Stability of SARS-CoV-2 as Compared with SARS-CoV-1, New England Journal of Medicine (March 17, 2020), available at <https://www.nejm.org/doi/pdf/10.1056/NEJMc 2004973?articleTools=true>

46. On March 19, 2020, Harris County Judge Lina Hidalgo issued an Amendment to the [March 16] Order By the County Judge of Harris County which ordered the following actions through April 3, 2020:

Subject to this Order, dining on the premises of Food Establishments permitted by Harris County. . . shall cease until April 3, 2020. Nothing herein precludes the provision of any other food service, such as to-go, take out or delivery services by such businesses.

\* \* \*

Food establishments, with or without drive-in or drive-through services and food court dining areas, microbreweries, micro-distilleries, or wineries, may only provide take out, delivery or drive-through services as allowed by law.

47. On March 19, Texas Governor Greg Abbott issued Executive Order No. GA-08 Relating to COVID-19 Preparedness and Mitigation, which stated:

Order No. 2 - In accordance with the Guidelines from the President and the CDC, people shall avoid eating or drinking at bars, restaurants, and food courts, or visiting gyms or massage parlors; provided, however, that the use of drive-thru, pickup or delivery options is allowed and highly encouraged throughout the limited duration of this executive order.

48. On March 24, Harris County Judge Lina Hidalgo issued an Order requiring all individual to stay at their place of residence except to engage in certain defined essential activities.

Restaurants, bars, micro-breweries, micro-distilleries, wineries and other establishments that serve food, with or without drive-in or drive-through services, are prohibited from serving food for consumption on the premises and may only serve food and/or alcohol by take out, delivery or drive through services as allowed by law, and detailed in the Harris County Judge's Order of March 19, 2020, pertaining to restaurants and bars.

49. In her March 24, 2020 order, Judge Hidalgo declared that coronavirus "causes property loss or damage due to its ability to attach to surfaces for prolonged periods of time."

50. On April 3, 2020, Judge Hidalgo issued an Order extending the restrictions set forth in her prior order to April 30, 2020.

51. Judge Hidalgo's March 24, 2020 Order states that property damage occurs when the coronavirus attaches to surfaces. Properties in the area immediately surrounding the Insured Properties, and not more than one mile from the Insured Properties, have suffered damage due to the coronavirus.

52. The Covid-19 Restriction Orders are acts of civil authorities taken in response to the dangerous physical conditions resulting from the presence and attachment of the coronavirus to surfaces in the immediate area of this Insured Properties.

53. As a direct and proximate result of the Covid-19 Restriction Orders, access to Plaintiff's Insured Properties has been prohibited. Use of the Insured Properties for their primary intended purpose as full-service restaurants has been prohibited.

54. Plaintiff's losses or damages occurred as a result of the Covid-19 Restriction Orders. As a result of the actions of Civil Authorities in issuing the Covid-19 Restriction Orders described above, Plaintiff has incurred, and continues to incur, a substantial loss of business income and additional expenses covered under the Scottsdale Policy.

#### **D. Denial of Plaintiff's Claims**

55. Plaintiff provided notice of a claim for coverage under the Scottsdale Policy. Plaintiff satisfied all conditions precedent to recovering for its loss under the terms and conditions of the Scottsdale Policy.

56. On April 10, 2020, Scottsdale denied Plaintiff's claim. Scottsdale denied coverage on grounds including the following: (a) a false and erroneous belief that Plaintiff had confirmed there was no damage to property at the Insured Properties or at a nearby premises causing the

suspension of operations, and (b) any loss due to a virus is excluded from coverage. *See* April 10, 2020 Denial Letter attached hereto as ***Exhibit C*** and incorporated herein by reference.

57. Scottsdale's denial is based on a false claim that Plaintiff confirmed that there was no damage to or near the Insured Properties (which is contrary to the true facts) and is additionally contradicted by the terms and conditions of the Scottsdale Policy and applicable law.

58. The facts, as alleged in this Petition, establish a covered loss under the Scottsdale Policy.

59. Any exclusion to coverage under the Scottsdale Policy based on the virus exclusion of the Policy is inapplicable.

60. As a result of Scottsdale's denial of coverage, Plaintiff has suffered and will continue to suffer damages.

## V. **CLAIMS**

### **COUNT ONE: DECLARATORY RELIEF** *(Against Defendants Scottsdale and Harris County, Texas)*

61. Plaintiff repeats and re-alleges each and every allegation in this Petition and incorporate each allegation into this Count, as if set forth at length herein, in its entirety.

62. Under Texas Civil Practice and Remedies Code § 37.003 et seq., the Court may declare rights, status and other legal relations whether or not further relief is or could be claimed. The declaration may be either affirmative or negative in form and effect, and the declaration has the force and effect of a final judgment or decree.

63. An actual controversy has arisen between Plaintiff and Scottsdale as to the rights, duties, responsibilities and obligations of the parties in that Scottsdale disputes and denies one or more of the following facts: (a) that there was direct physical loss or damage to property at the



properties, (b) that there has been an action(s) of a civil authority prohibiting access to the properties, (c) that there has been damage to property from a Covered Cause of Loss, (d) that Plaintiff's damage and loss fall outside the Policy's virus exclusion, and (e) that Plaintiff is entitled to coverage under the Scottsdale Policy.

64. Resolution of the duties, responsibilities and obligations of the parties is necessary as no adequate remedy at law exists and a declaration from the Court is needed to resolve the dispute and controversy.

65. Plaintiff seeks a Declaratory Judgment to determine the following:

- (a) whether the Covid-19 Restriction Orders constitute a prohibition of access to the Covered Properties by a Civil Authority as defined in the Scottsdale Policy.
- (b) whether the Covid-19 Restriction Orders caused a direct physical loss or damage to the Covered Properties.
- (c) whether the Covid-19 Restriction Orders caused damage to on-premises dining establishments and other businesses in the immediate area of the Insured Properties;
- (d) whether Plaintiff's losses incurred in connection with the Covid-19 Restriction Orders and the interruption of Plaintiff's businesses are insured losses under the Scottsdale Policy.
- (e) whether the Covid-19 Restriction Orders triggered coverage under the Scottsdale Policy;
- (f) whether the Policy's virus exclusion is inapplicable.

**COUNT TWO: NEGLIGENCE**  
*(against Defendant Slater)*

66. Plaintiff repeats and re-alleges each and every allegation in this Petition and incorporate each allegation into this Count, as if set forth at length herein, in its entirety.

67. Terry Slater was paid by Plaintiff to assess, select, counsel, inform, and procure appropriate insurance products that would meet Plaintiff's insurance needs.

68. A special relationship existed between Slater and Plaintiff. Plaintiff had extensive, ongoing communications with Slater over approximately a ten (10) year period of time. On multiple occasions, Plaintiff inquired and consulted with Slater regarding the adequacy of Plaintiff's insurance coverage.

69. Slater was aware, both from express conversations and from past course of dealings, that Plaintiff was relying upon Slater to assess Plaintiff's insurance needs and to counsel Plaintiff as to how best to protect Plaintiff from risks that could harm its business.

70. Plaintiff asked Slater to procure for Plaintiff the best available policy with complete coverage for catastrophic events.

71. Due to the special relationship that existed between Slater and Plaintiff, and because of Slater's agreement to undertake responsibility for assessing and procuring insurance that would fit Plaintiff's needs, Slater owed a duty to Plaintiff to use reasonable care in the assessment, investigation, selection, counseling, informing, and procurement of such insurance.

72. In the event that the Scottsdale Policy does not provide coverage for Plaintiff's losses, Slater failed to meet his duties to Plaintiff. Slater did not inform Plaintiff about coverage issues or deficiencies related to virus pandemics, or that Plaintiff would not be covered under the Scottsdale Policy in the event of a virus pandemic, or of available options for coverage that would protect Plaintiff in the event of a virus pandemic.

73. Plaintiff relied on the information provided by Slater in purchasing the Scottsdale Policy.

74. It was foreseeable to Slater, or should have been foreseeable to Slater, that if he failed to properly fulfill his duty to procure the proper and desired insurance coverage for Plaintiff, that Plaintiff would be damaged in the event of a loss of income caused by the actions of a civil authority in relation to a viral pandemic.

75. As a direct and proximate cause of Slater's negligent acts and omissions in failing to properly assess, advise and procure insurance, Plaintiff suffered damages as described below.

**COUNT THREE: BREACH OF CONTRACT**  
*(against Defendants Scottsdale and Slater)*

76. Plaintiff repeats and re-alleges each and every allegation in this Petition and incorporates each allegation into this Count, as if set forth at length herein, in its entirety.

77. On or about August 31, 2020, Scottsdale issued Plaintiff the Scottsdale Policy for which Plaintiff paid premiums.

78. The Scottsdale Policy was a binding contract between Plaintiff and Scottsdale that afforded Plaintiff insurance under the terms and conditions of the Scottsdale Policy.

79. On March 16, 2020, Harris County Judge Lena Hidalgo issued an Order prohibiting in-premises dining at restaurants in Harris County beginning at 8:00 a.m. on March 17. That prohibition has continued in effect through the date of filing of this Petition.

80. As a result of the Covid-19 Restriction Orders, Plaintiff has suffered a direct physical loss of or damage to its insured properties caused by or resulting from a covered cause of loss. This loss or damage falls within the coverage terms of the Scottsdale Policy.

81. Plaintiff has suffered a loss of business income and extra expenses due to the suspension of operations as ordered in the Covid-19 Restriction Orders. The suspension was caused by direct physical loss or damage at the insured properties resulting from a covered cause of loss. Plaintiff's loss of business income falls within the "Business Income" coverage terms of Scottsdale Policy and is not otherwise excluded under the Scottsdale Policy.

82. Coverage was further available under the Scottsdale Policy's respective coverage for Civil Authority. The Scottsdale Policy included additional coverage to insure against the losses of business income and extra expenses caused by the actions of a civil authority that prohibits access to the Insured Premises. Plaintiff's loss of business income and extra expenses fall within the "Civil Authority" coverage terms of the Scottsdale Policy and is not otherwise excluded under either policy.

83. Plaintiff's losses or damages occurred as a result of the Covid-19 Restriction Orders.

84. Scottsdale breached the Scottsdale Policy by denying coverage to Plaintiff.

85. As a result of Scottsdale's breach of the Scottsdale Policy, Plaintiff suffered damage as described below.

## **VI.** **DAMAGES**

86. The business losses caused by the Covid-19 Restriction Orders are ongoing and causing undue burden and hardship on Plaintiff. The failure of Slater to assess, advise and procure appropriate insurance coverage, and the failure of Scottsdale to promptly accept Plaintiff's claims under the Scottsdale Policy have caused (and will continue to cause) Plaintiff to incur direct and consequential damages.

87. The aforementioned acts of Defendants, taken together or singularly, constitute the producing causes of damages sustained by Plaintiff.

88. As a result of Defendants' acts and omissions, Plaintiff has suffered damages including but not limited to: (a) loss of business income; (b) loss of property; (c) loss of use of property; (d) damage to property; (e) extra expenses incurred, (f) economic hardship, (g) reasonable and necessary attorney's fees; and (h) reasonable and necessary costs.

**VII.**  
**ATTORNEY'S FEES**

89. Because of the acts and omissions of Defendants, Plaintiff has been required to obtain the services of attorneys to pursue its claims.

90. Pursuant to Texas Civil Practice and Remedies Code § 38.001, Plaintiff may recover attorney's fees and costs from an individual or corporation for breach of oral or written contracts.

91. Pursuant to Texas Civil Practice and Remedies Code § 37.004, 37.005, 37.009 Plaintiff may be awarded attorney's fees and costs if the parties seek to determine their rights with respect to deeds, wills, written contracts or other writings.

**VIII.**  
**DISCOVERY REQUESTS**

92. Pursuant to Texas Rule of Civil Procedure 194, Plaintiff requests that Defendants disclose, within fifty (50) days of the service of this request, the information or material described in Rule 194.2.

**IX.**  
**REQUESTED RELIEF**

**WHEREFORE**, Plaintiff prays for relief on the entire Petition, as follows: Judgment to be entered against Defendants on all causes of action of this Petition, including but not limited to:

- a. For a declaration that the Covid-19 Restriction Orders constitute a prohibition of access to the Insured Properties by a Civil Authority as defined in the Scottsdale Policy;
- b. For a declaration that the Covid-19 Restriction Orders caused a direct physical loss or damage to the Insured Properties;
- c. For a declaration that the Covid-19 Restriction Orders caused damage to on-premises dining establishments and other businesses in the immediate area of the Insured Properties;
- d. For a declaration that Plaintiff's losses incurred in connection with the Covid-19 Restriction Orders and the interruption of its businesses are insured losses under the Scottsdale Policy;
- e. For a declaration that the Covid-19 Restriction Orders triggered coverage under the Scottsdale Policy;
- f. For a declaration that the Scottsdale Policy's virus exclusion is inapplicable;
- g. For compensatory damages;
- h. For statutory damages as permitted by law;
- i. For attorneys' fees;
- j. For costs; and
- k. For any other and further relief, either in at law or in equity, to which Plaintiff may show itself to be justly entitled.

**X.**  
**JURY DEMAND**

Plaintiff hereby demands a trial by jury on all claims so triable.

Respectfully Submitted,

MATTHEWS & ASSOCIATES

/s/ David P. Matthews

David P. Matthews

MATTHEWS & ASSOCIATES

2905 Sackett

Houston, TX 77098

Telephone: (713) 522-5250

Facsimile: (713) 535-7132

Email: [dmatthews@thematthewslawfirm.com](mailto:dmatthews@thematthewslawfirm.com)

Tim K. Goss

FREESE & GOSS, PLLC

3500 Maple Ave., Suite 1100

Dallas, TX 75219

Telephone: (214) 761-6610

Email: [tim@freeseandgoss.com](mailto:tim@freeseandgoss.com)

Alfred Flores, Jr.

THE FLORES LAW GROUP, PC

2601 Underwood Rd.

La Porte, Texas 77571

Telephone: (281) 470-7900

Facsimile: (281) 470-7799

Email: [al@gringostextmex.com](mailto:al@gringostextmex.com)


*Attorneys for Plaintiff*

## CIVIL CASE INFORMATION SHEET

CAUSE NUMBER (FOR CLERK USE ONLY): \_\_\_\_\_ COURT (FOR CLERK USE ONLY): \_\_\_\_\_

STYLED YBARRA INVESTMENTS, IN  
 d/b/a GRINGO'S MEXICAN KITCHEN, Plaintiff, v. SCOTTSDALE INSURANCE COMPANY, TERRY ALLEN SLATER, and HARRIS COUNTY, TEXAS  
 (e.g., John Smith v. All American Insurance Co; In re Mary Ann Jones; In the Matter of the Estate of George Jackson)

A civil case information sheet must be completed and submitted when an original petition or application is filed to initiate a new civil, family law, probate, or mental health case or when a post-judgment petition for modification or motion for enforcement is filed in a family law case. The information should be the best available at the time of filing. This sheet, approved by the Texas Judicial Council, is intended to collect information that will be used for statistical purposes only. It neither replaces nor supplements the filings or service of pleading or other documents as required by law or rule. The sheet does not constitute a discovery request, response, or supplementation, and it is not admissible at trial.

<b>1. Contact information for person completing case information sheet:</b>  Name: <u>David P. Matthews</u> Address: <u>2905 Sackett Street</u> City/State/Zip: <u>Houston, Texas 77098</u> Signature:  Email: <u>dmatthews@thematthewslawfirm.com</u> Telephone: <u>713-522-5250</u> Fax: <u>713-535-7184</u> State Bar No: <u>13206200</u>		<b>Names of parties in case:</b>  Plaintiff(s)/Petitioner(s): <u>Ybarra Investments, Inc./ d/b/a Gringo's Mexican Kitchen</u> Defendant(s)/Respondent(s): <u>Scottsdale Insurance Company, Terry Allen Slater, Harris County, TEXAS</u> [Attach additional page as necessary to list all parties]		<b>Person or entity completing sheet is:</b> <input checked="" type="checkbox"/> Attorney for Plaintiff/Petitioner <input type="checkbox"/> Pro Se Plaintiff/Petitioner <input type="checkbox"/> Title IV-D Agency <input type="checkbox"/> Other: _____  <b>Additional Parties in Child Support Case:</b>  Custodial Parent: _____ Non-Custodial Parent: _____ Presumed Father: _____	
<b>2. Indicate case type, or identify the most important issue in the case (select only 1):</b>					
<b>Civil</b>			<b>Family Law</b>		
<b>Contract</b> <input type="checkbox"/> Debt/Contract <input type="checkbox"/> Consumer/DTPA <input type="checkbox"/> Debt/Contract <input type="checkbox"/> Fraud/Misrepresentation <input type="checkbox"/> Other Debt/Contract: _____ <input type="checkbox"/> Foreclosure <input type="checkbox"/> Home Equity—Expedited <input type="checkbox"/> Other Foreclosure <input type="checkbox"/> Franchise <input type="checkbox"/> Insurance <input type="checkbox"/> Landlord/Tenant <input type="checkbox"/> Non-Competition <input type="checkbox"/> Partnership <input type="checkbox"/> Other Contract: _____	<b>Injury or Damage</b> <input type="checkbox"/> Assault/Battery <input type="checkbox"/> Construction <input type="checkbox"/> Defamation <b>Malpractice</b> <input type="checkbox"/> Accounting <input type="checkbox"/> Legal <input type="checkbox"/> Medical <input type="checkbox"/> Other Professional Liability: _____ <input type="checkbox"/> Motor Vehicle Accident <input type="checkbox"/> Premises <b>Product Liability</b> <input type="checkbox"/> Asbestos/Silica <input type="checkbox"/> Other Product Liability List Product: _____ <input checked="" type="checkbox"/> Other Injury or Damage: _____	<b>Real Property</b> <input type="checkbox"/> Eminent Domain/Condemnation <input type="checkbox"/> Partition <input type="checkbox"/> Quiet Title <input type="checkbox"/> Trespass to Try Title <input type="checkbox"/> Other Property: _____  <b>Related to Criminal Matters</b> <input type="checkbox"/> Expunction <input type="checkbox"/> Judgment Nisi <input type="checkbox"/> Non-Disclosure <input type="checkbox"/> Seizure/Forfeiture <input type="checkbox"/> Writ of Habeas Corpus—Pre-indictment <input type="checkbox"/> Other: _____	<b>Marriage Relationship</b> <input type="checkbox"/> Annulment <input type="checkbox"/> Declare Marriage Void <b>Divorce</b> <input type="checkbox"/> With Children <input type="checkbox"/> No Children  <b>Other Family Law</b> <input type="checkbox"/> Enforce Foreign Judgment <input type="checkbox"/> Habeas Corpus <input type="checkbox"/> Name Change <input type="checkbox"/> Protective Order <input type="checkbox"/> Removal of Disabilities of Minority <input type="checkbox"/> Other: _____	<b>Post-judgment Actions (non-Title IV-D)</b> <input type="checkbox"/> Enforcement <input type="checkbox"/> Modification—Custody <input type="checkbox"/> Modification—Other <b>Title IV-D</b> <input type="checkbox"/> Enforcement/Modification <input type="checkbox"/> Paternity <input type="checkbox"/> Reciprocity (UIFSA) <input type="checkbox"/> Support Order  <b>Parent-Child Relationship</b> <input type="checkbox"/> Adoption/Adoption with Termination <input type="checkbox"/> Child Protection <input type="checkbox"/> Child Support <input type="checkbox"/> Custody or Visitation <input type="checkbox"/> Gestational Parenting <input type="checkbox"/> Grandparent Access <input type="checkbox"/> Paternity/Parentage <input type="checkbox"/> Termination of Parental Rights <input type="checkbox"/> Other Parent-Child: _____	
<b>Employment</b> <input type="checkbox"/> Discrimination <input type="checkbox"/> Retaliation <input type="checkbox"/> Termination <input type="checkbox"/> Workers' Compensation <input type="checkbox"/> Other Employment: _____		<b>Other Civil</b> <input type="checkbox"/> Administrative Appeal <input type="checkbox"/> Antitrust/Unfair Competition <input type="checkbox"/> Code Violations <input type="checkbox"/> Foreign Judgment <input type="checkbox"/> Intellectual Property <input type="checkbox"/> Lawyer Discipline <input type="checkbox"/> Perpetuate Testimony <input type="checkbox"/> Securities/Stock <input type="checkbox"/> Tortious Interference <input type="checkbox"/> Other: _____			
<b>Tax</b> <input type="checkbox"/> Tax Appraisal <input type="checkbox"/> Tax Delinquency <input type="checkbox"/> Other Tax		<b>Probate &amp; Mental Health</b> <b>Probate/Wills/Intestate Administration</b> <input type="checkbox"/> Dependent Administration <input type="checkbox"/> Independent Administration <input type="checkbox"/> Other Estate Proceedings <input type="checkbox"/> Guardianship—Adult <input type="checkbox"/> Guardianship—Minor <input type="checkbox"/> Mental Health <input type="checkbox"/> Other: _____			
<b>3. Indicate procedure or remedy, if applicable (may select more than 1):</b>					
<input type="checkbox"/> Appeal from Municipal or Justice Court <input type="checkbox"/> Arbitration-related <input type="checkbox"/> Attachment <input type="checkbox"/> Bill of Review <input type="checkbox"/> Certiorari <input type="checkbox"/> Class Action		<input type="checkbox"/> Declaratory Judgment <input type="checkbox"/> Garnishment <input type="checkbox"/> Interpleader <input type="checkbox"/> License <input type="checkbox"/> Mandamus <input type="checkbox"/> Post-judgment		<input type="checkbox"/> Prejudgment Remedy <input type="checkbox"/> Protective Order <input type="checkbox"/> Receiver <input type="checkbox"/> Sequestration <input type="checkbox"/> Temporary Restraining Order/Injunction <input type="checkbox"/> Turnover	



# **EXHIBIT A**



Underwritten by: Scottsdale Insurance Company  
Home Office: One Nationwide Plaza ■ Columbus, Ohio 43215  
Administrative Office: 8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
1-800-423-7675 ■ A Stock Company

In Witness Whereof, the Company has caused this policy to be executed and attested.

A handwritten signature in black ink, appearing to read 'Robert W. [unclear]'.

Secretary

A handwritten signature in black ink, appearing to be a stylized name.

President

The information contained herein replaces any similar information contained elsewhere in the policy.



**REQUIRED NOTICE**

This insurance contract is with an Insurer not licensed to transact insurance in this state and is issued and delivered as Surplus Line coverage under the Texas Insurance Statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the Surplus Lines Insurer providing this coverage, and the Insurer is not a member of the Property and Casualty Insurance Guaranty Association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 % tax on gross premium.

## COMMON POLICY DECLARATIONS

Renewal of  
CPS3059732Underwritten by: Scottsdale Insurance Company  
Home Office:Policy Number  
CPS3183471

One Nationwide Plaza ■ Columbus, Ohio 43215

Administrative Office:

8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
1-800-423-7675 ■ A STOCK COMPANY

## ITEM 1. Named Insured and Mailing Address

YBARRA INVESTMENTS, INC.  
SEE SCHEDULE OF NAMED INSURED  
2601 UNDERWOOD ROAD  
LA PORTE, TX 77581

## Agent Name and Address

HOUSTON SURPLUS LINES, INC.  
14090 SOUTHWEST FREEWAY, #400  
SUGAR LAND, TX 77498

Agent No.: 42042

Program No.: 00HA

## ITEM 2. Policy Period

From: 08/31/2019

To: 08/31/2020

Term: 366 DAYS

12:01 A.M., Standard Time at the mailing address shown in ITEM 1.

Business Description: MEXICAN RESTAURANT

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy. This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium Summary
Commercial General Liability Coverage Part	\$ NOT COVERED
Commercial Property Coverage Part	\$ 41,629
Commercial Crime And Fidelity Coverage Part	\$ NOT COVERED
Commercial Inland Marine Coverage Part	\$ NOT COVERED
Commercial Auto Coverage Part	\$ NOT COVERED
Professional Liability Coverage Part	\$ NOT COVERED
	\$
	\$
Total Policy Premium:	\$ 41,629.00
	\$
POLICY FEE	\$ 950.00
STATE TAX	\$ 2,065.08
STAMPING FEE	\$ 63.87
	\$
	\$
Policy Total:	\$ 44,707.95

Form(s) and Endorsement(s) made a part of this policy at time of issue:

SEE SCHEDULE OF FORMS AND ENDORSEMENTS

09/11/19 BP

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH  
THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORM(S)  
AND ENDORSEMENT(S), IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.



### **IMPORTANT NOTICE - TEXAS**

To obtain information or make a complaint:

You may contact your agent or you may call Scottsdale Insurance Company's toll-free number for information or to make a complaint at:

**1-800-423-7675**

You may also write to Scottsdale Insurance Company at:

Scottsdale Insurance Company  
8877 N. Gainey Center Drive  
P.O. Box 4110  
Scottsdale, Arizona 85261

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

You may write the Texas Department of Insurance at:

Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714-9104  
1-512-490-1007 (Fax)  
Web: <http://www.tdi.texas.gov>  
E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

#### **PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

#### **ATTACH THIS NOTICE TO YOUR POLICY:**

This notice is for information only and does not become a part or condition of the attached document.

### **AVISO IMPORTANTE - TEXAS**

Para obtener informacion o para someter una queja:

Usted puede comunicarse con su agente o usted puede llamar al numero de telefono gratuito de Scottsdale Insurance Company para informacion o para someter una queja al:

**1-800-423-7675**

Usted tambien puede escribir a Scottsdale Insurance Company:

Scottsdale Insurance Company  
8877 N. Gainey Center Drive  
P.O. Box 4110  
Scottsdale, Arizona 85261

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener informacion sobre compa-  
nias, coberturas, derechos or quejas al:

**1-800-252-3439**

Usted puede escribir al Departamento de Seguros de Texas:

Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714-9104  
1-512-490-1007 (Fax)  
Web: <http://www.tdi.texas.gov>  
E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

#### **DISPUTAS SOBRE PRIMAS O RECLAMOS:**

Si tiene una disputa relacionada con su prima de seguro o con un reclamacion, usted debe comunicarse con el agente primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.

#### **UNA ESTE AVISO A SU POLIZA:**

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.



# SCOTTSDALE INSURANCE COMPANY®

## SCHEDULE OF FORMS AND ENDORSEMENTS

Policy No. CPS3183471 Effective Date: 08/31/2019  
12:01 A.M., Standard Time

Named Insured YBARRA INVESTMENTS, INC. Agent No. 42042

UTS-COVPG 1-16  
OPS-D-1 1-17  
UTS-SP-2 12-95

Cover Page  
Common Policy Declarations  
Schedule Of Forms and Endorsements

### COMMON FORMS

UTS-SP-1 8-96  
UTS-SP-3 8-96  
IL 00 17 11-98  
IL 09 53 1-15  
UTS-9g 5-96  
UTS-119g 6-14

Named Insured Schedule  
Locations Schedule  
Common Policy Conditions  
Excl-Certified Acts Terrorism  
Service Of Suit Clause  
Minimum Earned Cancellation Premium

### PROPERTY FORMS

CPS-SD-1 2-19  
CPS-SD-2 2-19  
CPS-SP-5L 6-92  
CFS-20s 10-17  
CP 00 10 10-12  
CP 00 30 10-12  
CP 00 90 7-88  
CP 01 40 7-06  
CP 02 99 6-07  
CP 04 11 9-17  
CP 10 30 9-17  
CP 10 54 6-07  
CP 12 11 9-17  
CP 12 18 10-12  
CP 14 40 6-07  
CP 16 15 7-88  
UTS-183g 8-10

Property Supplemental Dec  
Property Supplemental Dec Extension  
Mortgage Holders Schedule  
Commercial Property Extension  
Building & Personal Prop Cov  
Business Income With Extra Expense Cov  
Property Conditions  
Excl Of Loss Due To Virus Or Bacteria  
Cancellation Changes  
Protective Safeguards  
Causes Of Loss-Special Form  
Windstorm Or Hail Excl  
Burglary-Robbery Protective Safeguards  
Loss Payable Provisions  
Outdoor Signs  
Statement Of Values  
Windstorm Or Hail Ded

### STATE FORMS

CFS-98-TX 9-15  
UTS-230g-TX 9-94

TX-Limitations On Cov For Roof Surfacing-ACV  
TX-Prompt Payment of Claims

### POLICYHOLDER NOTICES

NOTX0178CW 3-16  
NOTS0065TX 6-15  
NOTS0079TX 4-09

Claim Reporting Information  
TX-Important Notice  
TX-Required Notice



SCOTTSDALE INSURANCE COMPANY®

## SCHEDULE OF NAMED INSUREDS

Policy No. CPS3183471 Effective Date: 08/31/2019  
12:01 A.M., Standard Time

Named Insured YBARRA INVESTMENTS, INC. Agent No. 42042

YBARRA INVESTMENTS, INC.  
DBA GRINGO'S MEXICAN KITCHEN  
DBA JIMMY CHANGAS  
THE LUNCH BOX, LLC



SCOTTSDALE INSURANCE COMPANY®

## SCHEDULE OF LOCATIONS

Policy No. CPS3183471 Effective Date 08/31/2019

12:01 A.M. Standard Time

Named Insured YBARRA INVESTMENTS, INC. Agent No. 42042

Prem. No.	Bldg. No.	Designated Premises (Address, City, State, Zip Code)	Occupancy
1	1	2601-2617 UNDERWOOD LA PORTE, TX 77571	OFFICE
2	1	2631 UNDERWOOD LA PORTE, TX 77571	RESTAURANT
3	1	5144 CENTER STREET PASADENA, TX 77505	RESTAURANT
4	1	9709 SPENCER HIGHWAY LA PORTE, TX 77571	STRIP CENTER
5	1	2504 SOUTH GULF FREEWAY LEAGUE CITY, TX 77573	RESTAURANT



IL 00 17 11 98

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

POLICY NUMBER: CPS3183471

IL 09 53 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

**SCHEDULE**

The Exception Covering Certain Fire Losses (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
TEXAS	CPS3183471
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B. The following exclusion is added:

**CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SERVICE OF SUIT CLAUSE**

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due under this policy, the Company at the request of the Insured (or reinsured), will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give the Court jurisdiction. All matters which arise will be determined in accordance with the law and practice of the Court. In a suit instituted against any one of them under this contract, the Company agrees to abide by the final decision of the Court or of any Appellate Court in the event of an appeal.

Pursuant to any statute of any state, territory or district of the United States of America which makes a provision, the Company will designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured (or reinsured) or any beneficiary arising out of this contract of insurance (or reinsurance).

The officer named below is authorized and directed to accept service of process on behalf of the Company:

COMMISSIONER OF INSURANCE

P.O. BOX 149104

AUSTIN, TX 78714-9104

Having accepted service of process on behalf of the Company, the officer is authorized to mail the process or a true copy to:

CORPORATION SERVICE COMPANY DBA CSC-LAWYERS INCORPORATING SERVICE CO.

211 EAST 7TH STREET, SUITE 620

AUSTIN, TX 78701-3218

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

INSURED

uts9gc.fap



SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MINIMUM EARNED CANCELLATION PREMIUM**

The following provision is added to the Cancellation Condition:

If You request cancellation of this policy, We will retain not less than 25% of the original premium.

/

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE\_\_\_\_\_  
DATE

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza ■ Columbus, Ohio 43215  
 Administrative Office: 8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
 1-800-423-7675 ■ A Stock Company

### COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)

Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 1. Business Description: MEXICAN RESTAURANT

Item 2. Premises Described: See Schedule of Locations

Item 3. \$500 Deductible unless otherwise indicated.

Item 4. Coverages Provided:

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	1	BUILDING	\$ 990,000	SPECIAL	80 %

Construction: MASONRY NON-COMBUST Year Built: 1999 No. of Stories: 1

☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☒ Replacement Cost: \_\_\_\_\_

☐ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_

Policy Deductible: \$5,000 ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

#### Special Deductibles

Wind or Hail	Named Storm	Earthquake
Form: <u>SEE UTS-183G</u>	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	1	BUSINESS INCOME [2] & EXTRA EXPENSE	\$ 50,000	SPECIAL	%

Construction: \_\_\_\_\_ Year Built: \_\_\_\_\_ No. of Stories: \_\_\_\_\_

☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☐ Replacement Cost: \_\_\_\_\_

☒ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: X Extended Period: \_\_\_\_\_

Policy Deductible: \_\_\_\_\_ ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

#### Special Deductibles

Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza ■ Columbus, Ohio 43215  
 Administrative Office: 8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
 1-800-423-7675 ■ A Stock Company

**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS (continued)**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
2	1	BUILDING	\$ 1,453,098	SPECIAL	80 %

Construction: FRAME Year Built: 1996 No. of Stories: 1  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☒ Replacement Cost: \_\_\_\_\_  
☐ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \$5,000 ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

**SPECIAL PROVISIONS (if any):**

**Item 5. Forms and Endorsements**

Form(s) and Endorsement(s) made part of this policy at the time of issue:  
 See Schedule of Forms and Endorsements

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza ■ Columbus, Ohio 43215  
 Administrative Office: 8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
 1-800-423-7675 ■ A Stock Company

**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS EXTENSION**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
2	1	BUSINESS INCOME [2] & EXTRA EXPENSE	\$ 182,683	SPECIAL	%

Construction: \_\_\_\_\_ Year Built: \_\_\_\_\_ No. of Stories: \_\_\_\_\_  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☐ Replacement Cost: \_\_\_\_\_  
☒ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ X \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \_\_\_\_\_ ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
2	1	SIGN	\$ 30,000	SPECIAL	80 %

Construction: \_\_\_\_\_ FRAME \_\_\_\_\_ Year Built: 1996 No. of Stories: 1  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☒ Replacement Cost: \_\_\_\_\_  
☐ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \$5,000 ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
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**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS EXTENSION**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
3	1	BUILDING	\$ 1,681,772	SPECIAL	80 %
Construction: <u>MASONRY NON-COMBUST</u> Year Built: <u>2006</u> No. of Stories: <u>1</u> <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: <u>\$5,000</u> <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form: SEE UTS-183G		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
3	1	BUSINESS INCOME [2] & EXTRA EXPENSE	\$ 162,130	SPECIAL	%
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input type="checkbox"/> Replacement Cost: _____ <input checked="" type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: <u>X</u> Extended Period: _____ Policy Deductible: _____ <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
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 Administrative Office: 8877 North Gainey Center Drive ■ Scottsdale, Arizona 85258  
 1-800-423-7675 ■ A Stock Company

**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS EXTENSION**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
4	1	BUILDING	\$ 400,000	SPECIAL	80 %
Construction: <u>MASONRY NON-COMBUST</u> Year Built: <u>2010</u> No. of Stories: <u>1</u> <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: <u>\$5,000</u> <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hall		Named Storm		Earthquake	
Form: SEE UTS-183G		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
4	1	BUSINESS INCOME & EXTRA EXPENSE	\$ 50,000	SPECIAL	%
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input type="checkbox"/> Replacement Cost: _____ <input checked="" type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: <u>X</u> Extended Period: _____ Policy Deductible: _____ <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hall		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
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 1-800-423-7675 ■ A Stock Company

**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS EXTENSION**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
4	1	BUSINESS INCOME & EXTRA EXPENSE	\$ 18,879	SPECIAL	%

Construction: \_\_\_\_\_ Year Built: \_\_\_\_\_ No. of Stories: \_\_\_\_\_  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☐ Replacement Cost: \_\_\_\_\_  
☒ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ X \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \_\_\_\_\_ ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
4	1	BUSINESS INCOME & EXTRA EXPENSE	\$ 9,955	SPECIAL	%

Construction: \_\_\_\_\_ Year Built: \_\_\_\_\_ No. of Stories: \_\_\_\_\_  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☐ Replacement Cost: \_\_\_\_\_  
☒ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ X \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \_\_\_\_\_ ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

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 1-800-423-7675 ■ A Stock Company

**COMMERCIAL PROPERTY COVERAGE PART  
 SUPPLEMENTAL DECLARATIONS EXTENSION**

Policy Number: CPS3183471 Effective Date: 08/31/2019  
 (12:01 A.M. Standard Time)  
 Named Insured: YBARRA INVESTMENTS, INC. Agent Number: 42042

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
5	1	BUILDING	\$ 2,219,005	SPECIAL	80 %

Construction: MASONRY NON-COMBUST Year Built: 2012 No. of Stories: 1  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☒ Replacement Cost: \_\_\_\_\_  
☐ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \$5,000 ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hall	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
5	1	BUSINESS INCOME [2] & EXTRA EXPENSE	\$ 176,352	SPECIAL	%

Construction: \_\_\_\_\_ Year Built: \_\_\_\_\_ No. of Stories: \_\_\_\_\_  
☐ Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_ ☐ Replacement Cost: \_\_\_\_\_  
☒ Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: X Extended Period: \_\_\_\_\_  
 Policy Deductible: \_\_\_\_\_ ☐ Reporting: \_\_\_\_\_ ☐ Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hall	Named Storm	Earthquake
Form: _____	Form: _____	Form: _____
Amount: _____	Amount: _____	Amount: _____

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
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 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.



SCOTTSDALE INSURANCE COMPANY®

**SCHEDULE OF MORTGAGE HOLDER(S)**

Policy No. CPS3183471 Effective Date 08/31/2019  
12:01 A.M. Standard Time

Named Insured YBARRA INVESTMENTS, INC. Agent No. 42042

Prem. No.	Bldg. No.	Mortgage Holder Name and Mailing Address
1, 2 4, 5	1	EAST WEST BANK, ISAOA ATIMA P.O. BOX 60021 CITY OF INDUSTRY, CA 91716-0021
3	1	CENTRAL BANK 11201 CLAY ROAD HOUSTON, TX 77041



SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COMMERCIAL PROPERTY EXTENSION**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM**PREMIUM CHARGE: \$ 150**SCHEDULE**

COVERAGE	LIMIT OF INSURANCE
Limited Equipment Breakdown	\$25,000
Computer Equipment	\$25,000
Accounts Receivable	\$25,000
Outdoor Signs	\$25,000
Spoilage	\$25,000
Valuable Papers	\$25,000
Money And Securities	\$25,000
Water Backup Or Overflow Of Sewers And Drains	\$ 5,000
Employee Dishonesty	\$25,000

With respect to this endorsement, the following Deductible provisions apply:

The deductible for Limited Equipment Breakdown is five hundred dollars (\$500) per occurrence. The deductible per occurrence for all other coverages in the schedule of this endorsement is five hundred dollars (\$500) per coverage subject to a maximum of \$1,000 in any one occurrence for all other coverages other than Limited Equipment Breakdown. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance provided by this endorsement.

For coverages other than Limited Equipment Breakdown, no other deductible in this policy applies to the coverage provided by this endorsement.

In the event that loss or damage from a Covered Cause of Loss under Limited Equipment Breakdown occurs to covered Property as a result of one occurrence, and more than one deductible under the policy can apply, the largest applicable deductible for that Covered Cause of Loss will apply.

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The following is added as an Additional Coverage to the **CAUSES OF LOSS - SPECIAL FORM**:

**Additional Coverage - Limited Equipment Breakdown**

The term Covered Cause of Loss includes the **Additional Coverage - Limited Equipment Breakdown** as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." The "accident" must occur on the premises described in the Declarations notwithstanding any other provision in the policy.
2. The following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.

**a. Expediting Expenses**

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

**b. Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

As used in this coverage, additional costs means those beyond what would have been payable under this Limited Equipment Breakdown Coverage had no "hazardous substance" been involved.

**3. Exclusions**

All exclusions in the **CAUSES OF LOSS - SPECIAL FORM** apply except as modified below and to the extent that coverage is specifically provided by this **Additional Coverage - Limited Equipment Breakdown**.

**a. The exclusions are modified as follows:**

As respects this Additional Coverage only, the last paragraph of Exclusion B.2.d. is replaced by:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."

**b. We will not pay under this Additional Coverage for loss, damage or expense caused by or resulting from:**

- (1) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense;

(2) Any of the following tests:

A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment;

- (3) Change in temperature, humidity or pressure, whether or not resulting from an "accident";  
or

**(4) Contamination by a refrigerant resulting from an "accident."**

- c. We will not pay under this Additional Coverage for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident":

Any earth movement, including, but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action.

- d. We will not pay under this Additional Coverage for any loss or damage to animals, land (including land on which the property is located) or lawns.

- e. With respect to Business Income and Extra Expense coverages, we will also not pay for:

(1) Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or

(2) Any increase in loss resulting from an agreement between you and your customer or supplier.

The following conditions are in addition to Section E. **Loss Conditions** in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** and the Common Policy Conditions.

**a. Suspension**

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

(1) Your last known address; or

(2) The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

**b. Jurisdictional Inspections**

If any property that is "covered equipment" under this Additional Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

The most we will pay for loss, damage or expense under this Additional Coverage arising from any "one accident" is \$25,000. Coverage provided under this Additional Coverage does not provide an additional amount of insurance.

If there is other coverage endorsed to this policy for the same loss, damage or expense, this Additional Coverage will pay only for the amount of covered loss, damage or expense in excess of the amount provided by the other coverage.

The following extensions are added to the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Section A. **Coverage**, paragraph 5. **Coverage Extensions**:

**1. Accounts Receivable**

You may extend the insurance that applies to Your Business Personal Property to:

- a. All amounts due from your customers that you are unable to collect;



- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- d. Other reasonable expenses that you incur to re-establish your Records of Accounts Receivable;

that result from loss or damage to your Records of Accounts Receivable.

The most we will pay under this Extension is \$25,000 at each described premises.

## **2. Computer Equipment**

- a. You may extend the insurance that applies to Your Business Personal Property to apply to:
  - (1) Computer equipment and related component parts that are:
    - (a) Your property; or
    - (b) The property of others that is in your care, custody or control;
  - (2) Your instructional material and prepackaged software programs purchased for use with your computer system; or
  - (3) Your blank electronic or magnetic media.
- b. The following **CAUSES OF LOSS - SPECIAL FORM** Exclusions do not apply to this Extension:
  - (1) Exclusion 1.e. **Utility Services**;
  - (2) Exclusion 2.a. (Artificially generated electric current);
  - (3) Exclusion 2.d.(6) (Mechanical breakdown); or
  - (4) Exclusion 2.d.(7) (Dampness or dryness of atmosphere, changes in or extremes of temperature and marring or scratching).
- c. The most we will pay for loss or damage under this Extension is \$25,000 at each described premises.

If there is other coverage endorsed to this policy for the same loss, damage or expense, this Additional Coverage will pay only for the amount of covered loss, damage or expense in excess of the amount provided by the other coverage.

## **3. Money And Securities - Inside The Premises And Outside The Premises**

You may extend the insurance that applies to Your Business Personal Property to the loss of "money" and "securities" resulting from "theft," disappearance or destruction.

Under this Extension, we will also pay for loss of "money" and "securities" away from the premises described in the Declarations in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft," disappearance or destruction.

The most we will pay under this Extension is \$25,000 in any one policy year, regardless of the number of occurrences of loss or the number of premises.

However, if this policy excludes loss or damage caused by or resulting from theft, coverage under this Extension is limited to loss or damage resulting from destruction of "money" and "securities."

#### **4. Outdoor Signs**

The second paragraph of Section C. Limits Of Insurance of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is replaced by:

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$25,000 per sign in any one occurrence.

#### **5. Spoilage Coverage**

You may extend the insurance that applies to Your Business Personal Property for Covered Causes of Loss shown in the Declarations, but only with respect to coverage provided by this endorsement.

- a. Paragraph 1. Covered Property of Section A. Coverage is replaced by the following:

##### **Covered Property**

Covered Property means "perishable stock" at the premises described in the Declarations owned by you or by others that is in your care, custody or control.

- b. The following is added to paragraph 2. Property Not Covered of Section A. Coverage:

Covered Property does not include property located:

- (1) On buildings;
- (2) In the open; or
- (3) In vehicles.

- c. Paragraphs A.5. Coverage Extensions are deleted in their entirety.

- d. Paragraph B. Exclusions and Limitations is replaced by:

- (1) Only the following Exclusions contained in paragraph B.1. of the **CAUSES OF LOSS FORM - SPECIAL FORM** apply to Spoilage Coverage:

- (a) Exclusion b. Earth Movement;
- (b) Exclusion c. Government Action;
- (c) Exclusion d. Nuclear Hazard;
- (d) Exclusion f. War and Military Action; or
- (e) Exclusion g. Water;

- (2) The following Exclusions are added:

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- (a) The disconnection of any refrigerating, cooling, or humidity control system from its source of power.
- (b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

- (i) Lack of fuel; or
- (ii) Governmental order.
- (d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
- (e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- e. Paragraph G. **Optional Coverages** is deleted in its entirety.
- f. Paragraph A. **Covered Causes of Loss of CAUSES OF LOSS - SPECIAL FORM** is replaced by:

**A. Covered Causes of Loss**

When Special is shown in the Declarations, Covered Causes of Loss means:

- 1. Breakdown or Contamination by:
  - a. Change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, but only while such equipment or apparatus is at the premises described in the Declarations; and
  - b. Contamination by the refrigerant.
- 2. Power Outage, meaning a change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the premises described in the Declarations, due to conditions beyond your control.

The most we will pay for any one occurrence is \$25,000 per described premises.

If there is other coverage endorsed to this policy for the same loss or damage, this Additional Coverage will pay only for the amount of covered loss or damage in excess of the amount provided by the other coverage.

**6. Valuable Papers And Records (Other Than Electronic Data)**

Paragraph (4) of 5.c. **Valuable Papers and Records (Other Than Electronic Data)** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Coverage Extension of Section A. Coverage is replaced by the following:

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$25,000 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe; or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage on such costs is not additional insurance.

**7. Water Backup Or Overflow Of Sewers And Drains**

- a. We will pay for direct physical loss or damage to Covered Property caused by or resulting from water that backs up or overflows or is otherwise discharged from a sewer, drain, sump or sump pump.

The most we will pay for this Extension is \$5,000 at each described premises.

- b. Under the **CAUSES OF LOSS - SPECIAL FORM**, subsection **B. Exclusions**, paragraph g.(3) (Water that backs up or overflows from a sewer, drain or sump) is deleted for the purposes of this Extension only.

**8. Employee Dishonesty**

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - (1) Cause you to sustain loss or damage; and also
  - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (a) Any "employee"; or
    - (b) Any other person or organization.
- b. We will not pay for loss or damage:
  - (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
  - (2) Resulting from any dishonest act committed by any of your "employees" (except as provided in paragraph a.), "managers" or directors:
    - (a) Whether acting alone or in collusion with other persons; or
    - (b) While performing services for you or otherwise.
  - (3) The only proof of which as to its existence or amount is:
    - (a) An inventory computation; or
    - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence under this Extension is \$25,000 at each described premises.
- d. All loss or damage:
  - (1) Caused by one or more persons; or
  - (2) Involving a single act or series of acts;is considered one occurrence.
- e. This Extension of coverage is canceled as to any "employee" immediately upon discovery by:
  - (1) You; or
  - (2) Any of your partners, "members," "managers," officers or directors not in collusion with the "employee";of any dishonest act committed by that "employee" before or after being hired by you.
- f. We will pay only for covered loss or damage sustained during the policy period and discovered by you during the policy period shown in the Declarations.
- g. Under the **CAUSES OF LOSS - SPECIAL FORM**, subsection **B. Exclusions**, paragraph 2.h. is deleted in its entirety for the purposes of this Extension only.

For the purpose of this endorsement only, the following definitions are added to the **G. DEFINITIONS** section of the **CAUSES OF LOSS - SPECIAL FORM** and the **H. DEFINITIONS** section of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**:

1. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
  - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. "Covered Equipment"
  - a. "Covered equipment" means Covered Property:
    - (1) That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
    - (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
  - b. None of the following is "covered equipment":
    - (1) Structure, foundation, cabinet, compartment or air supported structure or building;
    - (2) Insulating or refractory material;
    - (3) Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
    - (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
    - (5) "Vehicle" or any equipment mounted on a "vehicle";
    - (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
    - (7) Dragline, excavation or construction equipment;
    - (8) Equipment manufactured by you for sale; or
    - (9) Electronic data processing equipment, unless used to control or operate "covered equipment." Electronic Data Processing Equipment includes programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment.
3. "Data" means information or instructions stored in digital code capable of being processed by machinery.
4. "Employee" means:
  - a. Any natural person:
    - (1) While in your service or for thirty (30) days after termination of service;

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- (2) Who you compensate directly by salary, wages or commissions; and
- (3) Who you have the right to direct and control while performing services for you;
- b. Any natural person who is furnished temporarily to you:
  - (1) To substitute for a permanent "employee" as defined in paragraph a. above, who is on leave; or
  - (2) To meet seasonal or short-term workload conditions;
- c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in paragraph b. above;
- d. Any natural person who is a former "employee," director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But "employee" does not mean:

- a. Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - b. Any "manager," director or trustee except while performing acts coming within the usual duties of an "employee."
- 5. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
  - 6. "Manager" means a person serving in a directorial capacity for a limited liability company.
  - 7. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager."
  - 8. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
  - 9. "Messenger" means you, or your relative, or any of your partners or "members," or any "employee" while having care and custody of property away from the premises described in the Declarations.
  - 10. "Money" means:
    - a. Currency, coins and bank notes in current use and having a face value; and
    - b. Traveler's checks, registered checks and money orders held for sale to the public.
  - 11. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
  - 12. "Perishable Stock" means personal property:
    - a. Maintained under temperature-controlled conditions for its preservation; and
    - b. Susceptible to loss or damage if changes in or extremes of temperature result.
  - 13. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

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- a. Tokens, tickets revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money."

- 14. "Theft" means the unlawful taking of "money" and "securities" to the deprivation of the insured.
- 15. "Vehicle" means, as respects this Additional Coverage only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

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COMMERCIAL PROPERTY  
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## BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

### A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2. Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

##### a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

##### b. Your Business Personal Property consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

##### c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.



However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

  - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

#### (5) Examples

The following examples assume that there is no Coinsurance penalty.

##### Example 1

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,000
	(\$50,000 - \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

##### Example 2

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$ 40,000
Debris Removal Expense Payable:	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

#### b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

(1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

(2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.

(3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced at the same or another premises; and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of pre-packaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

#### 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

##### a. Newly Acquired Or Constructed Property

###### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

#### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

#### (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.



**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

- (2) If the Causes Of Loss - Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss - Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

**(3) Coverage under this Extension:**

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
- (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.



The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

#### D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

#### EXAMPLE # 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance - Building 1:	\$ 60,000
Limit of Insurance - Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100  
- 250

\$ 59,850 Loss Payable - Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

\$59,850 + \$80,000 = \$139,850

#### EXAMPLE 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable - Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable - Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

#### E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

##### 3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 6. Vacancy

##### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

- (2) Buildings under construction or renovation are not considered vacant.

##### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

#### 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
  - (3) Nothing if others pay for repairs or replacement.

#### F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

#### Example 1 (Underinsurance)

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 100,000  
 The Deductible is: \$ 250  
 The Amount of Loss is: \$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
 (the minimum amount of Insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

#### Example 2 (Adequate Insurance)

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 200,000  
 The Deductible is: \$ 250  
 The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

### Example 3

When:	The value of the property is:	
	Building at Location 1:	\$ 75,000
	Building at Location 2:	\$ 100,000
	Personal Property at Location 2:	<u>\$ 75,000</u>
		\$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location 2:	\$ 30,000
	Personal Property at Location 2:	<u>\$ 20,000</u>
		\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

## 2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.



- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

## 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

  - (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
  - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
4. **Extension Of Replacement Cost To Personal Property Of Others**
- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
  - b. With respect to replacement cost on the personal property of others, the following limitation applies:  
  
If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY  
CP 00 30 10 12

## BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

### A. Coverage

#### 1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

#### 2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.



- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

**3. Covered Causes Of Loss, Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**4. Additional Limitation - Interruption Of Computer Operations**

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**5. Additional Coverages**

**a. Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

**b. Alterations And New Buildings**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**c. Extended Business Income****(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
  - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(2) "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**d. Interruption Of Computer Operations**

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation - Interruption Of Computer Operations does not apply based on Paragraph A.4.d. therein.
  - (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
    - (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
    - (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
    - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
    - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
  - (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
  - (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.
- 6. Coverage Extension**
- If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:
- Newly Acquired Locations**
- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
  - b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
  - c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
    - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

#### **B. Limits Of Insurance**

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

#### **C. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### **1. Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### **2. Duties In The Event Of Loss**

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**3. Loss Determination**

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
  - (a) Your financial records and accounting procedures;
  - (b) Bills, invoices and other vouchers; and
  - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
  - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
  - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

**c. Resumption Of Operations**

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**4. Loss Payment**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

**D. Additional Condition****COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
  - a. The Net Income (Net Profit or Loss before income taxes), and
  - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).



Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight - outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

#### Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

Step (1):  $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$150,000 \div \$200,000 = .75$

Step (3):  $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

#### Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$400,000 \times 50\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

#### E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

##### 1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

## 2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
  - (1) The Limit of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.

### Example

When: The Limit of Insurance is: \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000

(\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1-30	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<u>\$ 90,000</u>

We will pay:

Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<u>\$ 80,000</u>

## 3. Business Income Agreed Value 2

- a. To activate this Optional Coverage:
  - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
    - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by

- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

### Example

When: The Limit of Insurance is: \$ 100,000

The Agreed Value is: \$ 200,000

The amount of loss is: \$ 80,000

Step (1):  $\$100,000 \div \$200,000 = .50$

Step (2):  $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

## 4. Extended Period Of Indemnity

Under Paragraph A.5.c., Extended Business Income, the number 60 Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

**F. Definitions**

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
  - a. Your business activities occurring at the described premises; and
  - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
  - a. Begins:
    - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
    - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
  - b. Ends on the earlier of:
    - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
  - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
  - b. Continuing normal operating expenses incurred in connection with that premises, including:
    - (1) Payroll; and
    - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
  - a. The slowdown or cessation of your business activities; or
  - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.



CP 00 90 07 88

**COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

**B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**G. OTHER INSURANCE**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits Of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY  
CP 01 40 07 06

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY**

- A.** The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.  
  
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

COMMERCIAL PROPERTY  
CP 02 99 06 07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CANCELLATION CHANGES**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY**

The following is added to the Cancellation Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

**A.** The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

**B.** After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and
  2. Have not been contracted for,
- within 30 days of initial payment of loss.

**C.** The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

**D.** Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

**E.** Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

POLICY NUMBER: CPS3183471

COMMERCIAL PROPERTY  
CP 04 11 09 17**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number	Building Number	Protective Safeguards Symbols Applicable
2-5	1	P-1
2-5	1	P-5
Describe Any "P-9":		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**A. The following is added to the Commercial Property Conditions:****Protective Safeguards**

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

**B. The following is added to the Exclusions section of:**

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss - Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph A.

**C. The protective safeguards to which this endorsement applies are identified by the following symbols:**

"P-1" Automatic Sprinkler System, including related supervisory services.

**Automatic Sprinkler System means:**

- a. Any automatic fire protective or extinguishing system, including connected:
  - (1) Sprinklers and discharge nozzles;
  - (2) Ducts, pipes, valves and fittings;
  - (3) Tanks, their component parts and supports; and
  - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
  - (1) Non-automatic fire protective systems; and
  - (2) Hydrants, standpipes and outlets.

**"P-2" Automatic Fire Alarm, protecting the entire building, that is:**

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

**"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.**

**"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.**

**"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:**

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

**"P-9", the protective system described in the Schedule.**

COMMERCIAL PROPERTY  
CP 10 30 09 17

## CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G. Definitions.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.



But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

**a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:**

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.**
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.**

**d. (1) Wear and tear;**

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.**

**f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.**



- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
  - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
  - (1) Planning, zoning, development, surveying, siting;
  - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - (3) Materials used in repair, construction, renovation or remodeling; or
  - (4) Maintenance;

of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph B.1.a. Ordinance Or Law;
  - (b) Paragraph B.1.c. Governmental Action;
  - (c) Paragraph B.1.d. Nuclear Hazard;
  - (d) Paragraph B.1.e. Utility Services; and
  - (e) Paragraph B.1.f. War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property:

**Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
 

However, this limitation does not apply to:

  - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
  - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
  - (2) Changes in or extremes of temperature;
  - (3) Disease;
  - (4) Frost or hail; or
  - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or
    - (2) Containers of property held for sale.
  - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
 

However, this limitation does not apply:

    - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

**(2) To Business Income Coverage or to Extra Expense Coverage.**

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

**D. Additional Coverage - Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
  - (1) A cause of loss listed in 2.a. or 2.b.;
  - (2) One or more of the "specified causes of loss";
  - (3) Breakage of building glass;
  - (4) Weight of people or personal property; or
  - (5) Weight of rain that collects on a roof.

3. This Additional Coverage - Collapse does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
  - a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

#### **E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.



4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/ or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/ or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/ or Extra Expense is limited to the amount of loss and/ or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/ or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

**3. Glass**

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension F.3. does not increase the Limit of Insurance.

**G. Definitions**

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means:
    - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

POLICY NUMBER: CPS3183471

COMMERCIAL PROPERTY  
CP 10 54 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WINDSTORM OR HAIL EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - SPECIAL FORM  
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number	Building Number
2, 5	1
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A. The following is added to the Exclusions section and is therefore not a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B. The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.
- C. Under Additional Coverage - Collapse, in the Causes of Loss - Broad Form, Windstorm or Hail is deleted from Paragraph 2.a.
- D. In the Causes Of Loss - Special Form, Windstorm or Hail is deleted from the "specified causes of loss".
- E. Under Additional Coverage Extensions - Property In Transit, in the Causes Of Loss - Special Form, Windstorm or Hail is deleted from Paragraph b.(1).



POLICY NUMBER: CPS3183471

COMMERCIAL PROPERTY  
CP 12 11 09 17**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****BURGLARY AND ROBBERY PROTECTIVE  
SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

**SCHEDULE**

Premises No.	Building No.	Protective Safeguards Symbols Applicable
1-5	1	BR-1
Describe any "BR-4":		
Additional requirements, if any, for engagement of an automatic burglary alarm or other automatic system listed in this Schedule (other than the requirements of Paragraph A.2.):		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**A. The following is added to the Commercial Property Conditions:****Burglary And Robbery Protective Safeguards**

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage any automatic burglary alarm or other automatic system listed in the Schedule and maintain it in the "on" position during all non-work hours and whenever the premises are unoccupied;

3. Actively engage an automatic burglary alarm or other automatic system, or parts thereof, in accordance with any other requirements, if any, indicated in the Schedule; and

4. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, notification to us of the suspension of or impairment in an automatic burglary alarm or other automatic system listed in the Schedule will not be necessary if you:

- a. Can restore full protection within 48 hours of the suspension or impairment;

- b. Provide at least one watchperson or other means of surveillance at the premises during all non-work hours and whenever the premises are otherwise unoccupied; and
- c. Provide at least one watchperson or other means of surveillance during work hours if the Schedule requires that the premises or part thereof be protected during work hours.

**B. The following is added to the Exclusions section of the Causes Of Loss - Special Form:**

**Burglary And Robbery Protective Safeguards**

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph A.

**C. The protective safeguards to which this endorsement applies are identified by the following symbols:**

- 1. **"BR-1" Automatic Burglary Alarm**, protecting the entire building, that signals to:
  - a. An outside central station; or
  - b. A police station.

- 2. **"BR-2" Automatic Burglary Alarm**, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.
- 3. **"BR-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- 4. **"BR-4"** The protective safeguard described in the Schedule.

POLICY NUMBER: CPS3183471

COMMERCIAL PROPERTY  
CP 12 18 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM  
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 STANDARD PROPERTY POLICY

**SCHEDULE**

<b>Location Number:</b> 3	<b>Building Number:</b> 1	<b>Applicable Clause</b> (Enter C.1., C.2., C.3. or C.4.): C.3
<b>Description Of Property:</b> BUSINESS PERSONAL PROPERTY		
<b>Loss Payee Name:</b> CENTRAL BANK		
<b>Loss Payee Address:</b> 11201 CLAY ROAD HOUSTON, TX 77041		
<b>Location Number:</b>	<b>Building Number:</b>	<b>Applicable Clause</b> (Enter C.1., C.2., C.3. or C.4.):
<b>Description Of Property:</b>		
<b>Loss Payee Name:</b>		
<b>Loss Payee Address:</b>		
<b>Location Number:</b>	<b>Building Number:</b>	<b>Applicable Clause</b> (Enter C.1., C.2., C.3. or C.4.):
<b>Description Of Property:</b>		
<b>Loss Payee Name:</b>		
<b>Loss Payee Address:</b>		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

- A. When this endorsement is attached to the Standard Property Policy CP 00 99, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.
- C. The following is added to the Loss Payment Loss Condition, as indicated in the Declarations or in the Schedule:

**1. Loss Payable Clause**

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

- a. Adjust losses with you; and
- b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear

**2. Lender's Loss Payable Clause**

- a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- (1) Warehouse receipts;
- (2) A contract for deed;
- (3) Bills of lading;
- (4) Financing statements; or
- (5) Mortgages, deeds of trust, or security agreements.

- b. For Covered Property in which both you and a Loss Payee have an insurable interest:

- (1) We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (2) The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

- (3) If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

- (a) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- (4) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (a) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- c. If we cancel this policy, we will give written notice to the Loss Payee at least:

- (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- d. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

**3. Contract Of Sale Clause**

- a. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered into a contract with for the sale of Covered Property.
- b. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
  - (1) Adjust losses with you; and
  - (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
- c. The following is added to the Other Insurance Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

**4. Building Owner Loss Payable Clause**

- a. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building in which you are a tenant.
- b. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- c. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: CPS3183471

COMMERCIAL PROPERTY  
CP 14 40 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****OUTDOOR SIGNS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number:	2	Building Number:	1
Description Of Sign: OUTDOOR SIGN			
Construction Of Sign: <input type="checkbox"/> Entirely Metal <input type="checkbox"/> Other			
Limit Of Insurance: \$ 30,000			
Coinsurance Percentage: 80 %			
Additional Premium: \$ 150			
Premises Number:		Building Number:	
Description Of Sign:			
Construction Of Sign: <input type="checkbox"/> Entirely Metal <input type="checkbox"/> Other			
Limit Of Insurance: \$			
Coinsurance Percentage: %			
Additional Premium: \$			

<b>Premises Number:</b>		<b>Building Number:</b>	
<b>Description Of Sign:</b>			
<b>Construction Of Sign:</b>	<input type="checkbox"/> Entirely Metal	<input type="checkbox"/> Other	
<b>Limit Of Insurance:</b>	\$		
<b>Coinurance Percentage:</b>	%		
<b>Additional Premium:</b>	\$		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

With respect to the outdoor signs described in the Schedule, the provision in the Limits Of Insurance section which pertains to signs does not apply. The limit applicable to each sign is shown in the Schedule. The limit applicable to each sign is the most we will pay for loss or damage to the sign in any one occurrence.

COMMERCIAL PROPERTY

**STATEMENT OF VALUES**Insured YBARRA INVESTMENTS, INC.Headquarters Address 2601 UNDERWOOD ROAD, LA PORTE, TX 77581Form of Coverage: ☐ Actual Cash Value applies to Items  
☒ Replacement Cost applies to Items PER ATTACHED SCHEDULE OF CP 1615

Indicate Form Numbers to which these rates are to apply: \_\_\_\_\_

(Attach Forms and Endorsements which require completion to indicate specific information)

Coinsurance ☐ 80% ☒ 90% ☐ 100% Blanket Rate Effective 08/31/2019

Causes of Loss for which rates are requested:

☐ Basic ☐ Earthquake  
☐ Broad ☐ Other \_\_\_\_\_  
☒ Special (Specify)

State exact wording of the coverage as it will appear on the policy

PREM. 1, BLDG. 1 - \$100,000  
PREM. 2, BLDG. 1 - \$283,901  
PREM. 3, BLDG. 1 - \$328,579  
PREM. 4, BLDG. 1 - \$100,000  
PREM. 4, BLDG. 1 - \$100,000  
PREM. 5, BLDG. 1 - \$433,542**INSURED**

(Optional with Company)

All values submitted are correct to the best of my knowledge and belief.

Signed \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

**COMPANY, AGENT or BROKER**

Statement of Values submitted by:

Name \_\_\_\_\_

Person to Contact \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

For INSURANCE SERVICES OFFICE use only

Basic Group I \_\_\_\_\_ Basic Group II \_\_\_\_\_ Other \_\_\_\_\_



TO BE COMPLETED BY COMPANY, AGENT OR BROKER				Average Rate Calculation -for INSURANCE SERVICES OFFICE use									
				Blanket Average Rate		80% x 90% 100%		Basic Broad x Special		Earthquake Other_____		Date Calc	
Item No.	Description, Location and Occupancy of Property Covered	Cover- age*	Values	Rate Pub. No.	Basic Group I		Basic Group II		Broad		Special		E
					Rate	Prem.	Rate	Prem.	Rate	Prem.	Rate	Prem.	R.
1	2601-2617 UNDERWOOD LA PORTE, TX 77571	YBPP	100000										
2	2631 UNDERWOOD LA PORTE, TX 77571	YBPP	283901										
3	5144 CENTER STREET PASADENA, TX 77505	YBPP	328579										
4	9709 SPENCER HIGHWAY LA PORTE, TX 77571	YBPP	100000										
5	9709 SPENCER HIGHWAY LA PORTE, TX 77571	YBPP	100000										
6	2504 SOUTH GULF FWY LEAGUE CITY, TX 77573	YBPP	433542										
TOTALS				----	----		----		----		----		----
				BASIC		BASIC						EA	
AVERAGE RATES EFFECTIVE_____				GROUP I _____		GROUP II _____		BROAD _____		SPECIAL _____		QL	

\* B = Building S = "Stock" YBPP = Your Business Personal Property PPO = Personal Property of Others  
Other -Specify Above

## NOTES

1. The Company, Agent or Broker must complete page 1 and page 2, where indicated, to obtain a blanket average rate. Do not complete the value column if blanket average rate desired for Business Income (And Extra Expense) Coverage Form CP 00 30; Business Income (Without Extra Expense) Coverage Form CP 00 32 or Extra Expense Coverage Form CP 00 50.
2. When separated blanket average rates are desired, such as Buildings only or Personal Property only, submit a separate Statement of Values for each blanket average rate.
3. Values must be rounded to the nearest dollar.
4. Round the premium, per item on the average rate, for each cause of loss, coverage and exposure to the nearest whole dollar.
5. Minimum coinsurance for a blanket average rate is 90%.
6. The Company may require this Statement of Values to be signed by the Insured, or in the case of firms by a partner or an officer.
7. A blanket average rate expires one year from its effective date or when new class or specific rates are applicable, whichever occurs first.
8. This Statement of Values form or its equivalent must be filed annually.
9. A new blanket average rate may be requested if the conditions upon which the average rate is based have materially changed.
10. Attach Class Rate Information Form or equivalent information for all "class rated" property included in the blanket average rate.



SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WIND OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

**BUILDERS RISK COVERAGE FORM**  
**BUILDING AND PERSONAL PROPERTY COVERAGE FORM**  
**CONDOMINIUM ASSOCIATION COVERAGE FORM**

With respect to the perils of wind and/or hail, Item D. Deductible is deleted in its entirety and is replaced by the following:

**D. Deductible**

In any one occurrence of loss or damage to covered property by wind or hail (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to

SEE BELOW % of the Limit(s) of Insurance of covered property that has sustained loss or damage, subject to a \$SEE BELOW minimum Deductible.

The Wind or Hail Deductible is calculated separately for, and applies separately to:

1. Each building that sustains loss or damage.
2. Personal property at each building, if there is loss or damage to that personal property.
3. Personal property in the open.
4. Each separately scheduled item not described in items 1.-3.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

5% WINDSTORM/HAIL DEDUCTIBLE SUBJECT TO \$5,000 MINIMUM APPLIES ONLY TO  
PREM. 1 BLDG. 1, PREM. 3 BLDG. 1. AND PREM. 4 BLDG. 1

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

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SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIMITATIONS ON COVERAGE FOR ROOF SURFACING  
ACTUAL CASH VALUE - TEXAS**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM**

The following applies with respect to loss or damage by a **Covered Cause of Loss** (including wind and hail if covered) to all locations shown in the policy Commercial Property Coverage Part Supplemental Declarations:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to any roof surfacing over fifteen (15) years of age. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

All other provisions of the policy apply.

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

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SCOTTSDALE INSURANCE COMPANY®

ENDORSEMENT  
NO. \_\_\_\_\_

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS3183471	08/31/2019	YBARRA INVESTMENTS, INC.	42042

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PROMPT PAYMENT OF CLAIMS - TEXAS**

The Company will on or before the 30th day after receipt of notice of a claim:

1. acknowledge receipt of the claim;
2. commence any investigation of the claim; and
3. request from the claimant all items, statements and forms.

The Company shall notify a claimant in writing of the acceptance or rejection of the claim no later than the 15th business day after the date the Company receives all items, statements and forms required by the Company in order to secure final proof of loss. If loss results from arson, the Company shall notify the claimant within 30 days. If the Company is unable to accept or reject the claim

within the time periods specified, the Company must notify the claimant and provide reasons why additional time is needed. However, the Company must accept or reject the claim no later than the 45th day after the date the Company notifies a claimant.

If the Company notifies a claimant that they will pay a claim or part of a claim, the Company will pay the claim no later than the 20th business day after the notice has been made. If payment of the claim or part of the claim is conditioned on the performance of an act by the claimant, the Company will pay the claim no later than the 20th business day after the date the act is performed.

If the Company rejects the claim, the reason for rejection must be stated on the notice.

---

 AUTHORIZED REPRESENTATIVE

DATE



Scottsdale Insurance Company  
National Casualty Company  
Scottsdale Indemnity Company  
Scottsdale Surplus Lines Insurance Company

### CLAIM REPORTING INFORMATION

Your insurance policy has been placed with a Nationwide® insurance company.

Our commitment to you is to provide fast, fair claim service. Promptly reporting an event that could lead to a claim, as required by your policy, helps us fulfill this commitment to you. Please refer to your policy for this and all other terms and conditions.

To report a claim, you may contact us 24 hours a day, 7 days a week, by calling 1-800-423-7675 or via our website at [www.nationwideexcessandsurplus.com](http://www.nationwideexcessandsurplus.com).

Thank you for your business and as always, we appreciate the opportunity to serve you.

#### HOW TO REPORT A CLAIM

Call 1-800-423-7675 or visit our website at [www.nationwideexcessandsurplus.com](http://www.nationwideexcessandsurplus.com).

In order to expedite this process, please be prepared to furnish as much of the following information as possible:

- Your policy number
- Date, time and location of the loss/ accident
- Details of the loss/ accident
- Name, address and phone number of any involved parties
- If applicable, name of law enforcement agency or fire department along with the incident number

Please refer to your policy for specific claim reporting requirements.

# **EXHIBIT B**



**County Judge Lina Hidalgo**  
D I R E C T O R

**AMENDMENT TO THE ORDER BY THE COUNTY JUDGE OF HARRIS COUNTY**

**Whereas**, on March 11, 2020, a Declaration of Local Disaster for Public Health Emergency was issued to allow Harris County to take measures to reduce the possibility of exposure to COVID-19 and promote the health and safety of Harris County residents; and

**Whereas**, on March 13, 2020, a Declaration of State of Disaster was issued by Governor Abbott to take additional steps to prepare for, respond to, and mitigate the spread of COVID-19 to protect the health and welfare of Texans; and

**Whereas**, on March 16, 2020, the County Judge of Harris County signed an Order outlining measures to protect the public and mitigate the spread of COVID-19 which was effective at 8:00 am, March 17, 2020.

**NOW THEREFORE, I, COUNTY JUDGE FOR THE COUNTY OF HARRIS, PURSUANT TO THE AUTHORITY VESTED BY TEXAS GOVERNMENT CODE CHAPTER 418, HEREBY AMEND THE MARCH 16, 2020, ORDER AS FOLLOWS:**

**SECTION 1.** That the findings and recitations set out in the preamble to this Order are found to be true and correct and they are hereby adopted by the County Judge and made a part hereof for all purposes.

**SECTION 2.** This Order shall be read to comply with Executive Order No. GA-08 signed on March 19, 2020 at 11:59 a.m. by Texas Governor Greg Abbott, which: prohibits gatherings of groups of 10 or more people; closes gyms and licensed massage businesses; prohibits visitation to nursing homes or retirement or long-term care facilities unless to provide critical assistance; and temporarily closes schools.

**SECTION 2.** This Order is effective upon signing and continues until 11:59 p.m. on April 3, 2020, unless terminated, extended, or modified by an earlier order, the County Judge of Harris County, Texas, deems it in the public interest to order that:



(a) Subject to this Order, dining on the premises of Food Establishments permitted by Harris County or dining on the premises of businesses that have City of Houston Food Dealer's permits to operate as Food Establishments pursuant to Chapter 20 of the Houston Code of Ordinances (all being referred to as "Food Establishments"), shall cease until April 3, 2020. Nothing herein precludes the provision of any other food service, such as to-go, take out, or delivery services, by such businesses.

(b) Food Establishments, with or without drive-in or drive-through services and food court dining areas, microbreweries, micro-distilleries, or wineries, may only provide take out, delivery, or drive-through services as allowed by law.

(c) This order does not apply to the following:

(1) Food Establishments located in Hobby Airport and George Bush Intercontinental Airport, hospitals, long term medical care facilities, rehabilitation or medical facilities, child care facilities, group homes, crisis and homeless shelters, assisted living facilities, retirement communities, congregate care facilities, long term care facilities, jails and detention facilities; and

(2) food banks serving low income citizens and nonprofits providing food to the homeless and the economically disadvantaged.

(c) Consuming alcoholic beverages within the enclosed premises of any Food Establishment or bar shall cease until April 3, 2020. Businesses within Harris County that have permits to operate as bars, nightclubs, lounges, taverns, or private clubs shall close, unless the business is also permitted to operate as a Food Establishment and such operation shall be limited as provided herein. Hotel and Country Club bars must close, except that any permitted food or beverage service, including alcoholic beverages, may be continued as take out, delivery, or drive-through services. Additionally, hotels may provide room service. Nothing in this order affects the sale of alcoholic beverages for off-premises consumption as permitted by State or local law.

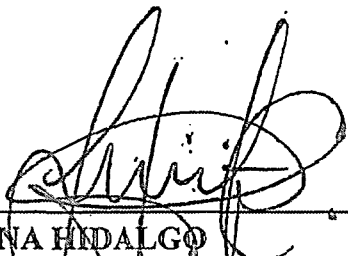
(d) Food Establishments which choose to remain open in accordance with Section 2 must take steps to enforce a 6 foot distancing among the public they are servicing.

**SECTION 3:** Pursuant to Section V(A)(5)(a) and Appendix 9 to Annex U of the Harris County Basic Plan adopted by Harris County Commissioners Court on October 29, 2019, and in accordance with Tex. Gov't Code § 418.173, any law enforcement agency based or sent to assist in Harris County is hereby authorized to enforce this order, and the failure to comply with this Order is an offense and is punishable by a fine that does not exceed \$1,000.00 or confinement in jail for a term that does not exceed 180 days.

**SECTION 4:** Harris County will post this Order on its website. In addition, the owner, manager, or operator of any facility that is likely to be impacted by this Order is strongly encouraged to post a copy of this Order on its site and to provide a copy to any member of the public asking for a copy. If any subsection, sentence, clause, phrase, or word of this Order or any application of it to any person, structure, gathering, or circumstance is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, then such decision will not affect the validity of the remaining provisions of this Order.

**SECTION 5:** This Order applies to all unincorporated and incorporated areas within the boundaries of Harris County and supersedes and replaces any order issued by the City of Houston.

**ORDERED** this the 19<sup>th</sup> day of March, 2020, at 4:15 pm in Harris County, Texas.

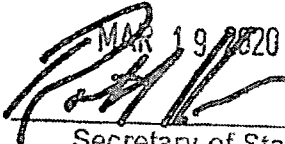
  
\_\_\_\_\_  
LINA HIDALGO  
HARRIS COUNTY JUDGE

GOVERNOR GREG ABBOTT

March 19, 2020

The Honorable Ruth R. Hughs  
Secretary of State  
State Capitol Room 1E.8  
Austin, Texas 78701

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
11:59 AM O'CLOCK

MAR 19 2020  
  
Secretary of State

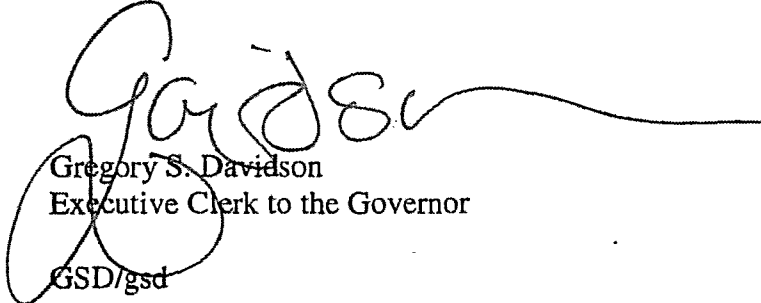
Dear Secretary Hughs:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

Executive Order No. GA-08 relating to COVID-19 preparedness and mitigation.

The original executive order is attached to this letter of transmittal.

Respectfully submitted,

  
Gregory S. Davidson  
Executive Clerk to the Governor  
GSD/gsd

Attachment

# Executive Order

BY THE  
GOVERNOR OF THE STATE OF TEXAS

Executive Department  
Austin, Texas  
March 19, 2020

## EXECUTIVE ORDER GA 08

*Relating to COVID-19 preparedness and mitigation.*

---

WHEREAS, the novel coronavirus (COVID-19) has been recognized globally as a contagious respiratory virus; and

WHEREAS, I, Greg Abbott, Governor of Texas, issued a disaster proclamation on March 13, 2020, certifying that COVID-19 poses an imminent threat of disaster for all counties in the state of Texas; and

WHEREAS, COVID-19 continues to spread and to pose an increasing, imminent threat of disaster throughout Texas; and

WHEREAS, the Centers for Disease Control and Prevention (CDC) has advised that person-to-person contact heightens the risk of COVID-19 transmission; and

WHEREAS, the President's Coronavirus Guidelines for America, as promulgated by President Donald J. Trump and the CDC on March 16, 2020, call upon Americans to slow the spread of COVID-19 by avoiding social gatherings in groups of more than 10 people, using drive-thru, pickup, or delivery options at restaurants and bars, and avoiding visitation at nursing homes, among other steps; and

WHEREAS, the Texas Department of State Health Services has now determined that, as of March 19, 2020, COVID-19 represents a public health disaster within the meaning of Chapter 81 of the Texas Health and Safety Code; and

WHEREAS, under the Texas Disaster Act of 1975, "[t]he governor is responsible for meeting . . . the dangers to the state and people presented by disasters" (Section 418.001 of the Texas Government Code), and the legislature has given the governor broad authority to fulfill that responsibility.

NOW, THEREFORE, I, Greg Abbott, Governor of Texas, by virtue of the power and authority vested in me by the Constitution and laws of the State of Texas, do hereby order the following on a statewide basis effective 11:59 p.m. on March 20, 2020, and continuing until 11:59 p.m. on April 3, 2020, subject to extension thereafter based on the status of COVID-19 in Texas and the recommendations of the CDC:

- Order No. 1 In accordance with the Guidelines from the President and the CDC, every person in Texas shall avoid social gatherings in groups of more than 10 people.
- Order No. 2 In accordance with the Guidelines from the President and the CDC, people shall avoid eating or drinking at bars, restaurants, and food courts, or visiting gyms or massage parlors; provided, however, that the use of drive-thru, pickup, or delivery options is allowed and highly encouraged throughout the limited duration of this executive order.
- Order No. 3 In accordance with the Guidelines from the President and the CDC, people shall not visit nursing homes or retirement or long-term care facilities unless to provide critical assistance.
- Order No. 4 In accordance with the Guidelines from the President and the CDC, schools shall temporarily close.

This executive order does not prohibit people from visiting a variety of places, including grocery stores, gas stations, parks, and banks, so long as the necessary precautions are maintained to reduce the transmission of COVID-19. This executive order does not mandate sheltering in place. All critical infrastructure will remain operational, domestic travel will remain unrestricted, and government entities and businesses will continue providing essential services. For offices and workplaces that remain open, employees should practice good hygiene and, where feasible, work from home in order to achieve optimum isolation from COVID-19. The more that people reduce their public contact, the sooner COVID-19 will be contained and the sooner this executive order will expire.

This executive order supersedes all previous orders on this matter that are in conflict or inconsistent with its terms, and this order shall remain in effect and in full force until 11:59 p.m. on April 3, 2020, subject to being extended, modified, amended, rescinded, or superseded by me or by a succeeding governor.



Given under my hand this the  
19th day of March, 2020.

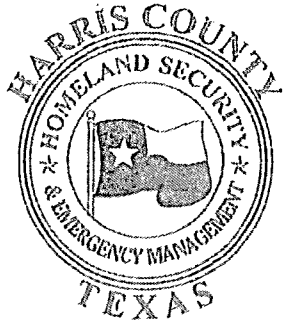
A handwritten signature in black ink, appearing to read "Greg Abbott", written over a horizontal line.

GREG ABBOTT  
Governor

ATTESTED BY:

A handwritten signature in black ink, appearing to read "Ruth R. Hughs", written over a horizontal line.

RUTH R. HUGHS



**County Judge Lina Hidalgo**  
DIRECTOR

**ORDER OF COUNTY JUDGE LINA HIDALGO**  
**Stay Home, Work Safe**

**Whereas**, on March 11, 2020, Harris County Judge Lina Hidalgo issued a Declaration of Local Disaster for Public Health Emergency to allow Harris County to take measures to reduce the possibility of exposure to COVID-19 and promote the health and safety of Harris County residents in accordance with Section 418.108 of the Texas Government Code; and

**Whereas**, on March 13, 2020, a Declaration of State of Disaster was issued by Governor Abbott to take additional steps to prepare for, respond to, and mitigate the spread of COVID-19 to protect the health and welfare of Texans; and

**Whereas**, on March 16, 2020, President Trump acknowledged the gravity of the COVID-19 pandemic, releasing strict new guidelines to limit people's interactions, including that Americans should avoid groups of more than 10 people; and

**Whereas**, on March 17, 2020, the Harris County Commissioners Court issued an Order at a Special Meeting of Commissioners Court approving the extension to March 25, 2020, of the Declaration of Local Disaster for Public Health Emergency declared by County Judge Lina Hidalgo and signed on March 11, 2020; and

**Whereas**, on March 19, 2020, County Judge Lina Hidalgo issued an Order effective as of 8:00 a.m. on March 17, 2020, and continuing until 11:59 p.m. on March 31, 2020, requiring restaurants and bars to provide only carry-out, delivery or drive-thru services as allowed by law, and closing nightclubs, lounges and taverns, and restricting private clubs; and

**Whereas**, on March 19, 2020, Governor Abbott issued the first Public Health Disaster Declaration released in the State of Texas since 1901 and an Executive Order which, among other things, prohibits Texans from gathering in groups of more than 10 people; and

**Whereas**, on March 24, 2020, the Harris County Commissioners Court issued an Order approving the extension until April 29, 2020, of the Declaration of Local Disaster for Public Health Emergency declared by County Judge Lina Hidalgo and signed on March 11, 2020, and extended at a Special Meeting of Commissioners Court on March 17, 2020 to March 25, 2020; and



**Whereas, the COVID-19 virus is contagious and spreads through person-to-person contact, especially in group settings; and**

**Whereas, the COVID-19 virus causes property loss or damage due to its ability to attach to surfaces for prolonged periods of time; and**

**Whereas, the Centers for Disease Control and Prevention ("CDC") recommends an "All of Community" approach focused on slowing the transmission of COVID-19 through social distancing to reduce illness and death, while minimizing social and economic impacts; and**

**Whereas, given the ongoing evaluation of circumstances related to the COVID-19 virus, the updated recommendations of the Centers for Disease Control and the Texas Department of State Health Services, and the substantial risks posed by the COVID-19 virus to Harris County residents and their property, the following extraordinary measures must be taken to protect the public's safety.**

**NOW THEREFORE, I, COUNTY JUDGE FOR HARRIS COUNTY, TEXAS, PURSUANT TO THE AUTHORITY VESTED BY TEXAS GOVERNMENT CODE CHAPTER 418, HEREBY FIND AND ORDER:**

That the findings and recitations set out in the preamble to this ORDER are found to be true and correct and they are hereby adopted by the County Judge and made a part hereof for all purposes. This Order is in addition to any previous orders issued by the Harris County Judge and hereby incorporates all previous orders by reference, including the Order of March 19, 2020, pertaining to restaurants and bars.

**Summary.** The virus that causes 2019 Coronavirus Disease (COVID-19) is easily transmitted through person-to-person contact, especially in group settings, and it is essential that the spread of the virus be slowed to protect the ability of public and private healthcare providers to handle the influx of new patients and safeguard public health and safety. Because of the risk of the rapid spread of the virus and the need to protect the most vulnerable members of the community, this Order requires all individuals anywhere in Harris County, to stay at home – except for certain Essential Activities and work to provide Essential Business and Essential Government services or perform essential infrastructure construction, including housing. This Order takes effect at 11:59 p.m. on March 24, 2020 and will continue through 11:59 p.m. on April 3, 2020, subject to the limited exceptions and under the terms and conditions more particularly set forth below.

1. Effective as of 11:59 p.m. on March 24, 2020, and continuing until 11:59 p.m. on April 3, 2020:
  - a. All individuals currently living within Harris County are ordered to stay at their place of residence except for Essential Activities as defined in this order. All persons may leave their Residences only for Essential Activities, or to provide or perform Essential Governmental Functions, or to operate Essential Businesses, as defined in Section 2. For purposes of this Order,

Residence includes homes, hotels, motels, shared rentals, and similar facilities. To the extent individuals are using shared or outdoor spaces, they must at all times as reasonably as possible maintain social distancing of at least six feet from any other person when they are outside their residence.

- b. Individuals experiencing homelessness are exempt from this Order except that, to the extent individuals are using shared or outdoor spaces, they shall, to the greatest extent feasible, maintain social distancing of at least six feet from any other person. Individuals experiencing homelessness are strongly urged to obtain shelter. Governmental and other entities that can provide shelter to homeless individuals are strongly urged to make shelter available, as soon as possible and to the maximum extent practicable (and to utilize social distancing requirements in their operations).
- c. All businesses operating within Harris County, except Essential Businesses as defined below in Section 2, are required to cease all activities at facilities located within the County. For clarity, businesses may continue operations consisting exclusively of employees or contractors performing activities at their own residences (i.e., working from home). To the greatest extent possible, all Essential Businesses shall comply with the Social Distancing Guidelines attached, including maintaining six-foot social distancing for both employees and the general public.
- d. All public or private gatherings of any number of people occurring outside a single household or living unit are prohibited, except as otherwise provided herein. Nothing in this Order prohibits the gathering of members of a household or living unit. Nothing in this Order affects orders or agreements regarding child-related visitation or custody arrangements.
- e. Individuals may go to public parks and open outdoor recreation areas. However, public playgrounds may increase spread of COVID-19 and, therefore, shall be closed.
- f. Restaurants, bars, micro-breweries, micro-distilleries, wineries and other establishments that serve food, with or without drive-in or drive-through services, are prohibited from serving food for consumption on the premises and may only serve food and/or alcohol by take out, delivery, or drive-through services as allowed by law, and detailed in the Harris County Judge's Order of March 19, 2020, pertaining to restaurants and bars.
- g. Gyms, fitness centers, swimming pools and other facilities that are used or intended to be used for any type of training, martial arts, sport or recreation shall close.
- h. Hair and nail salons, spas, licensed massage businesses and tattoo parlors, concert halls, live performance theaters, arenas, stadiums, movie theaters,



game rooms, bowling alleys, arcades, indoor and outdoor flea markets and swap meets, indoor malls, indoor shopping centers, and bingo halls shall close.

- i. Faith leaders may minister and counsel in individual settings, so long as social distance protocols are followed. Religious and worship services may only be provided by video and teleconference. Religious institutions must limit in-person staff to those necessary for preparing for or conducting video or teleconference services, and all individuals must follow the Social Distancing Guidelines, including the six-foot social distancing.

2. **Definitions:**

- a. For purposes of this Order, individuals may leave their residence only to perform any of the following **“Essential Activities”**:
  - i. To engage in activities or perform tasks essential to their health and safety, or to the health and safety of their family or household members (for example, obtaining medical supplies or medication, visiting a healthcare professional, or obtaining supplies needed to work from home).
  - ii. To obtain necessary services or supplies for themselves and their family or household members, or to deliver those services or supplies to others (for example, food, pet supplies, and any other household consumer products, supplies needed to work from home, and products necessary to maintain the safety, sanitation, and essential operation of residences).
  - iii. To engage in outdoor activity, provided the individuals comply with social distancing requirements of six feet (for example, walking, biking, hiking, running, or fishing).
  - iv. To perform work providing essential products and services at an Essential Business or to otherwise carry out activities specifically permitted in this Order.
  - v. To care for a family member or pet in another household.
- b. For purposes of this Order, **“Essential Businesses”** include:
  - i. **Essential Critical Infrastructure.** Work necessary to the operations and maintenance of the 16 critical infrastructure sectors identified by the U.S. Department of Homeland Security National Cybersecurity and Infrastructure Security Agency (CISA), provided that they carry out those services or that work in compliance with social distancing requirements of six feet to the extent possible. *See*

**Attachment** (CISA's Guidance on Essential Critical Infrastructure Workforce). Essential Businesses providing essential infrastructure should implement screening precautions to protect employees and all activities shall be performed in compliance with social distancing guidelines.

- ii. **Essential Government Functions.** All services provided by local governments and municipalities located in Harris County needed to ensure their continuing operation to provide for the health, safety and welfare of the public, including law enforcement, jail operations and other services. Further, nothing in this Order shall prohibit any individual from performing "Essential Government Functions". All Essential Government Functions shall be performed in compliance with social distancing requirements of six feet to the extent possible.
- iii. **Essential City of Houston Government Functions.** All services provided by the City of Houston that the Mayor of the City of Houston determines to be essential Government Functions. Further, nothing in this Order shall prohibit any individual from performing "Essential Government Functions". All Essential Government Functions shall be performed in compliance with social distancing requirements of six feet to the extent possible.
- iv. **Essential Healthcare Operations.** Healthcare operations, including hospitals, clinics, dentists, pharmacies, pharmaceutical and biotechnology companies, other healthcare facilities, healthcare suppliers, mental health providers, substance abuse service providers, blood banks, medical research, laboratory services, or any related and/or ancillary healthcare services. Home-based and residential-based care for seniors, adults, or children are also considered healthcare operations. Healthcare operations also include veterinary care and all health and welfare services provided to animals. This exemption shall be viewed broadly to avoid any impacts to the delivery of healthcare.
- v. **Essential Retail.** Food producers and service providers, including grocery stores, warehouse stores, furniture suppliers, big box stores, bodegas, liquor stores, gas stations and convenience stores, farmers' markets that sell food products and household staples. Food cultivation, including farming, ranching, fishing, and livestock. Food production, including the production of canned goods, bottled beverages and other grocery items. Businesses that ship or deliver groceries, food, goods or services directly to residences. Restaurants and other facilities that prepare and serve food, but only for delivery, drive-thru or carry-out. Schools and other entities that typically provide free services to students or members of the public

on a pick-up and take-away basis only. The restriction of delivery or carry-out does not apply to cafes and restaurants located within hospital and medical facilities. Laundromats, dry cleaners, and laundry service providers. Gas stations, auto supply, auto and bicycle repair, hardware stores, and related facilities. Businesses that supply products needed for people to work from home.

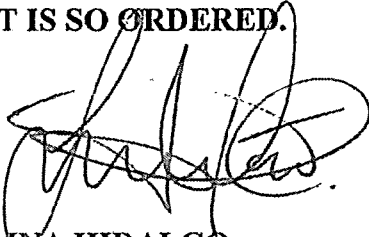
- vi. **Providers of Basic Necessities to Economically Disadvantaged Populations.** Businesses that provide food, shelter, and social services, and other necessities of life for economically disadvantaged or otherwise needy individuals.
- vii. **Essential Services Necessary to Maintain Essential Operations of Residences or Other Essential Businesses.** Trash and recycling collection, processing and disposal, mail and shipping services, building cleaning, maintenance and security, warehouse/distribution and fulfillment, storage for essential businesses, funeral homes, crematoriums and cemeteries. Plumbers, electricians, exterminators, yard and maintenance crews, housekeepers, janitorial staff, pool cleaners and other service providers who provide services that are necessary to maintaining the safety, sanitation, and essential operations of residences and Essential Businesses. Professional services, such as legal or accounting services, when necessary to assist in compliance with legally mandated activities. Businesses that supply other Essential Businesses with support or utilities needed to operate. Caregivers and helpers who provide services to seniors and disabled individuals.
- xiii. **News Media.** Newspapers, television, radio, and other media services.
- ix. **Childcare and Adult Care Services.** Childcare and adult care facilities providing services that enable employees exempted in this Order to work as permitted.
- xi. **Infrastructure, Development, Operation and Construction.** For example, public works construction, construction of housing or other types of construction including commercial, manufacturing, airport operations and aircraft manufacturing, maintenance or repair, water, sewer, gas, electrical, oil refining, roads and highways, public transportation, solid waste collection and removal, internet, and telecommunications systems (including the provision of essential global, national, and local infrastructure for computing services, business infrastructure, communications, and web-based services).

- xii. **Transportation.** Businesses related to the operation, maintenance, construction, and manufacture of transportation services. For example, (a) vehicle manufacturers, automotive suppliers and parts departments, car dealerships, parts distributors, maintenance and repair facilities; (b) public transportation; (c) businesses supporting airport operations; (d) street and highway maintenance and construction; (e) gas stations and other fuel distribution businesses; (f) vehicles for hire, including public transportation services, Uber, Lyft, and taxicabs, that enable persons to travel to or from employers, service providers, or businesses exempted in this Order. People riding on public transit must comply with the six-foot social distancing requirements to the greatest extent feasible.
  - xiii. **Labor union functions.** Critical labor union functions, including the maintenance of health and welfare funds and checking on the well-being and safety of members.
  - xiv. **NASA and Port of Houston.** Activities of the National Aeronautics and Space Administration and the Port of Houston.
  - xv. **Airports and related operations.** Airport and airline activities, operations, maintenance and repairs, and the hotels that serve these Essential Businesses.
  - xvi. **Professional services.** Professional services, such as legal or accounting services, insurances services, and “real estate services” when necessary to assist in compliance with legally mandated activities or to further Essential Businesses, Essential Government functions, or Critical Infrastructure.
3. These infection control precautions apply to all Essential Businesses: (1) practice social distancing by requiring patrons, visitors, and employees to be separated by six (6) feet, to the extent feasible; (2) provide access to hand washing facilities with soap and water or hand sanitizer that contains at least 60 percent alcohol; (3) post a sign in a conspicuous place at the public entrance to the venue instructing members of the public not to enter if they are experiencing symptoms of respiratory illness, including fever or cough; and (4) adhere to other general communicable disease control recommendations by public health authorities.
4. Any manufacturer who retools so that a substantial part of their business is for the purpose of manufacturing and producing ventilators, personal protective equipment, or other medical supplies and equipment necessary for the COVID-19 response may apply for an “Essential Business” exemption under this Order. Any industry or business that is not an Essential Business may apply for an exemption from the requirements imposed by this Order. To be eligible for an exemption, the

industry or business must complete and submit an application form, which will be made available to the public at [www.ReadyHarris.org](http://www.ReadyHarris.org), along with evidence that the continuing operations of the business or industry are essential to promoting the general welfare of the residents of Harris County and the State of Texas during the COVID-19 response. Businesses or industries that retool or amend their operations to provide or support Essential Services during the COVID-19 response may also submit an application for exemption.

5. Grocery stores, supermarkets, warehouse stores, hospitals, and medical facilities are experiencing high levels of demand for a large number of products, requiring more deliveries from manufacturers and distribution centers to serve their customers. A number of Texas cities and local associations have implemented restrictions on delivery hours to stores to mitigate truck noise and traffic. Due to the need to deliver products as quickly and efficiently as possible during this critical timeframe, this Order hereby suspends all delivery hour restrictions for transport to or from any entity involved in the selling or distribution of food products, medicine, or medical supplies or equipment in Harris County for the next sixty (60) days.
6. If someone in a household has tested positive for COVID-19, all residents of the household are ordered to isolate at home until cleared by a public health authority or medical provider.
7. Nursing homes, retirement, and long-term care facilities are instructed by this Order to prohibit nonessential visitors from accessing their facilities unless to provide critical assistance or for end-of-life visitation.
8. This Order shall be effective until 11:59 p.m. on April 3, 2020 or until it is either rescinded, superseded, or amended pursuant to applicable law.
9. Pursuant to Appendix 9 to and Section V(A)(5)(a) Annex U of the Harris County Basic Plan adopted by Harris County Commissioners Court on October 29, 2019, and in accordance with Tex. Gov't Code § 418.173, any law enforcement agency based in Harris County is hereby authorized to enforce this order and the failure to comply with this Order is an offense under this Order and is punishable by a fine that does not exceed \$1,000.00 or confinement in jail for a term that does not exceed 180 days.
10. Harris County will post this Order on the Internet. In addition, the owner, manager, or operator of any facility that is likely to be impacted by this Order is strongly encouraged to post a copy of this Order onsite and to provide a copy to any member of the public asking for a copy. If any subsection, sentence, clause, phrase, or word of this Order or any application of it to any person, structure, gathering, or circumstance is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, then such decision will not affect the validity of the remaining portions or applications of this Order.

IT IS SO ORDERED.

A handwritten signature in black ink, appearing to read 'Lina Hidalgo', written over the text 'IT IS SO ORDERED.'.

LINA HIDALGO  
HARRIS COUNTY JUDGE

3/24/2020



U.S. Department of Homeland Security  
Cybersecurity & Infrastructure Security Agency  
Office of the Director  
Washington, DC 20528



**CISA**  
CYBER+INFRASTRUCTURE

March 19, 2020

**MEMORANDUM ON IDENTIFICATION OF ESSENTIAL CRITICAL  
INFRASTRUCTURE WORKERS DURING COVID-19 RESPONSE**

FROM: Christopher C. Krebs  
Director  
Cybersecurity and Infrastructure Security Agency (CISA)

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As the Nation comes together to slow the spread of COVID-19, on March 16<sup>th</sup>, the President issued updated Coronavirus Guidance for America. This guidance states that:

*"If you work in a critical infrastructure industry, as defined by the Department of Homeland Security, such as healthcare services and pharmaceutical and food supply, you have a special responsibility to maintain your normal work schedule."*

The Cybersecurity and Infrastructure Security Agency (CISA) executes the Secretary of Homeland Security's responsibilities as assigned under the Homeland Security Act of 2002 to provide strategic guidance, promote a national unity of effort, and coordinate the overall federal effort to ensure the security and resilience of the Nation's critical infrastructure. CISA uses trusted partnerships with both the public and private sectors to deliver infrastructure resilience assistance and guidance to a broad range of partners.

In accordance with this mandate, and in collaboration with other federal agencies and the private sector, CISA developed an initial list of "Essential Critical Infrastructure Workers" to help State and local officials as they work to protect their communities, while ensuring continuity of functions critical to public health and safety, as well as economic and national security. The list can also inform critical infrastructure community decision-making to determine the sectors, sub-sectors, segments, or critical functions that should continue normal operations, appropriately modified to account for Centers for Disease Control (CDC) workforce and customer protection guidance.

The attached list identifies workers who conduct a range of operations and services that are essential to continued critical infrastructure viability, including staffing operations centers, maintaining and repairing critical infrastructure, operating call centers, working construction, and performing management functions, among others. The industries they support represent, but are not necessarily limited to, medical and healthcare, telecommunications, information technology systems, defense, food and agriculture, transportation and logistics, energy, water and wastewater, law enforcement, and public works.

We recognize that State, local, tribal, and territorial governments are ultimately in charge of implementing and executing response activities in communities under their jurisdiction, while the Federal Government is in a supporting role. As State and local communities consider COVID-19-related restrictions, CISA is offering this list to assist prioritizing activities related to continuity of operations and incident response, including the appropriate movement of critical infrastructure workers within and between jurisdictions.

**Accordingly, this list is advisory in nature. It is not, nor should it be considered to be, a federal directive or standard in and of itself.**

In addition, these identified sectors and workers are not intended to be the authoritative or exhaustive list of critical infrastructure sectors and functions that should continue during the COVID-19 response. Instead, State and local officials should use their own judgment in using their authorities and issuing implementation directives and guidance. Similarly, critical infrastructure industry partners will use their own judgment, informed by this list, to ensure continued operations of critical infrastructure services and functions. All decisions should appropriately balance public safety while ensuring the continued delivery of critical infrastructure services and functions.

CISA will continue to work with you and our partners in the critical infrastructure community to update this list as the Nation's response to COVID-19 evolves. We also encourage you to submit how you might use this list so that we can develop a repository of use cases for broad sharing across the country.

Should you have questions about this list, please contact CISA at [CISA.CAT@cisa.dhs.gov](mailto:CISA.CAT@cisa.dhs.gov).

**Attachment:** "Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response"





# Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response

Version 1.0 (March 19, 2020)

## THE IMPORTANCE OF ESSENTIAL CRITICAL INFRASTRUCTURE WORKERS

Functioning critical infrastructure is imperative during the response to the COVID-19 emergency for both public health and safety as well as community well-being. Certain critical infrastructure industries have a special responsibility in these times to continue operations.

This guidance and accompanying list are intended to support State, Local, and industry partners in identifying the critical infrastructure sectors and the essential workers needed to maintain the services and functions Americans depend on daily and that need to be able to operate resiliently during the COVID-19 pandemic response.

This document gives guidance to State, local, tribal, and territorial jurisdictions and the private sector on defining essential critical infrastructure workers. Promoting the ability of such workers to continue to work during periods of community restriction, access management, social distancing, or closure orders/directives is crucial to community resilience and continuity of essential functions.

## CONSIDERATIONS FOR GOVERNMENT AND BUSINESS

This list was developed in consultation with federal agency partners, industry experts, and State and local officials, and is based on several key principles:

1. Response efforts to the COVID-19 pandemic are locally executed, State managed, and federally supported
2. Everyone should follow guidance from the CDC, as well as State and local government officials, regarding strategies to limit disease spread.
3. Workers should be encouraged to work remotely when possible and focus on core business activities. In-person, non-mandatory activities should be delayed until the resumption of normal operations.
4. When continuous remote work is not possible, businesses should enlist strategies to reduce the likelihood of spreading the disease. This includes, but is not necessarily limited to, separating staff by off-setting shift hours or days and/or social distancing. These steps can preserve the workforce and allow operations to continue.

**CONNECT WITH US**  
[www.cisa.gov](http://www.cisa.gov)

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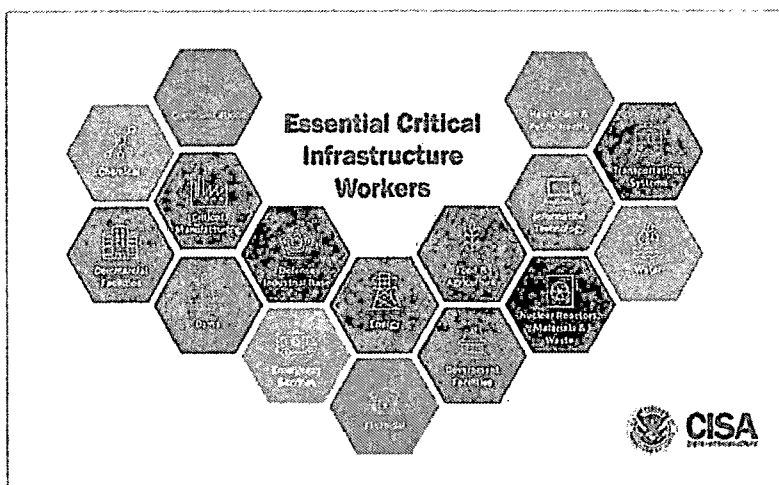
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## Essential Critical Infrastructure Workforce

5. All organizations should implement their business continuity and pandemic plans, or put plans in place if they do not exist. Delaying implementation is not advised and puts at risk the viability of the business and the health and safety of the employees.
6. In the modern economy, reliance on technology and just-in-time supply chains means that certain workers must be able to access certain sites, facilities, and assets to ensure continuity of functions.
7. Government employees, such as emergency managers, and the business community need to establish and maintain lines of communication.
8. When government and businesses engage in discussions about critical infrastructure workers, they need to consider the implications of business operations beyond the jurisdiction where the asset or facility is located. Businesses can have sizeable economic and societal impacts as well as supply chain dependencies that are geographically distributed.
9. Whenever possible, jurisdictions should align access and movement control policies related to critical infrastructure workers to lower the burden of workers crossing jurisdictional boundaries.

## IDENTIFYING ESSENTIAL CRITICAL INFRASTRUCTURE WORKERS

The following list of sectors and identified essential critical infrastructure workers are an initial recommended set and are intended to be overly inclusive reflecting the diversity of industries across the United States. CISA will continually solicit and accept feedback on the list (both sectors/sub sectors and identified essential workers) and will evolve the list in response to stakeholder feedback. We will also use our various stakeholder engagement mechanisms to work with partners on how they are using this list and share those lessons learned and best practices broadly. We ask that you share your feedback, both positive and negative on this list so we can provide the most useful guidance to our critical infrastructure partners. Feedback can be sent to [CISA.CAT@CISA.DHS.GOV](mailto:CISA.CAT@CISA.DHS.GOV).



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## Essential Critical Infrastructure Workforce

### HEALTHCARE / PUBLIC HEALTH

- Workers providing COVID-19 testing; Workers that perform critical clinical research needed for COVID-19 response
- Caregivers (e.g., physicians, dentists, psychologists, mid-level practitioners, nurses and assistants, infection control and quality assurance personnel, pharmacists, physical and occupational therapists and assistants, social workers, speech pathologists and diagnostic and therapeutic technicians and technologists)
- Hospital and laboratory personnel (including accounting, administrative, admitting and discharge, engineering, epidemiological, source plasma and blood donation, food service, housekeeping, medical records, information technology and operational technology, nutritionists, sanitarians, respiratory therapists, etc.)
- Workers in other medical facilities (including Ambulatory Health and Surgical, Blood Banks, Clinics, Community Mental Health, Comprehensive Outpatient rehabilitation, End Stage Renal Disease, Health Departments, Home Health care, Hospices, Hospitals, Long Term Care, Organ Pharmacies, Procurement Organizations, Psychiatric Residential, Rural Health Clinics and Federally Qualified Health Centers)
- Manufacturers, technicians, logistics and warehouse operators, and distributors of medical equipment, personal protective equipment (PPE), medical gases, pharmaceuticals, blood and blood products, vaccines, testing materials, laboratory supplies, cleaning, sanitizing, disinfecting or sterilization supplies, and tissue and paper towel products
- Public health / community health workers, including those who compile, model, analyze and communicate public health information
- Blood and plasma donors and the employees of the organizations that operate and manage related activities
- Workers that manage health plans, billing, and health information, who cannot practically work remotely
- Workers who conduct community-based public health functions, conducting epidemiologic surveillance, compiling, analyzing and communicating public health information, who cannot practically work remotely
- Workers performing cybersecurity functions at healthcare and public health facilities, who cannot practically work remotely
- Workers conducting research critical to COVID-19 response
- Workers performing security, incident management, and emergency operations functions at or on behalf of healthcare entities including healthcare coalitions, who cannot practically work remotely
- Workers who support food, shelter, and social services, and other necessities of life for economically disadvantaged or otherwise needy individuals, such as those residing in shelters
- Pharmacy employees necessary for filling prescriptions
- Workers performing mortuary services, including funeral homes, crematoriums, and cemetery workers
- Workers who coordinate with other organizations to ensure the proper recovery, handling, identification, transportation, tracking, storage, and disposal of human remains and personal effects; certify cause of death; and facilitate access to mental/behavioral health services to the family members, responders, and survivors of an incident

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## Essential Critical Infrastructure Workforce

### LAW ENFORCEMENT, PUBLIC SAFETY, FIRST RESPONDERS

- Personnel in emergency management, law enforcement, Emergency Management Systems, fire, and corrections, including front line and management
- Emergency Medical Technicians
- 911 call center employees
- Fusion Center employees
- Hazardous material responders from government and the private sector.
- Workers – including contracted vendors – who maintain digital systems infrastructure supporting law enforcement and emergency service operations.

### FOOD AND AGRICULTURE

- Workers supporting groceries, pharmacies and other retail that sells food and beverage products
- Restaurant carry-out and quick serve food operations - Carry-out and delivery food employees
- Food manufacturer employees and their supplier employees—to include those employed in food processing (packers, meat processing, cheese plants, milk plants, produce, etc.) facilities; livestock, poultry, seafood slaughter facilities; pet and animal feed processing facilities; human food facilities producing by-products for animal food; beverage production facilities; and the production of food packaging
- Farm workers to include those employed in animal food, feed, and ingredient production, packaging, and distribution; manufacturing, packaging, and distribution of veterinary drugs; truck delivery and transport; farm and fishery labor needed to produce our food supply domestically
- Farm workers and support service workers to include those who field crops; commodity inspection; fuel ethanol facilities; storage facilities; and other agricultural inputs
- Employees and firms supporting food, feed, and beverage distribution, including warehouse workers, vendor-managed inventory controllers and blockchain managers
- Workers supporting the sanitation of all food manufacturing processes and operations from wholesale to retail
- Company cafeterias - in-plant cafeterias used to feed employees
- Workers in food testing labs in private industries and in institutions of higher education
- Workers essential for assistance programs and government payments
- Employees of companies engaged in the production of chemicals, medicines, vaccines, and other substances used by the food and agriculture industry, including pesticides, herbicides, fertilizers, minerals, enrichments, and other agricultural production aids
- Animal agriculture workers to include those employed in veterinary health; manufacturing and distribution of animal medical materials, animal vaccines, animal drugs, feed ingredients, feed, and bedding, etc.; transportation of live animals, animal medical materials; transportation of deceased animals for disposal; raising of animals for food; animal production operations; slaughter and packing plants and associated regulatory and government workforce
- Workers who support the manufacture and distribution of forest products, including, but not limited to timber, paper, and other wood products
- Employees engaged in the manufacture and maintenance of equipment and other infrastructure necessary to agricultural production and distribution

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## Essential Critical Infrastructure Workforce

### ENERGY

#### Electricity Industry:

- Workers who maintain, ensure, or restore the generation, transmission, and distribution of electric power, including call centers, utility workers, reliability engineers and fleet maintenance technicians
- Workers needed for safe and secure operations at nuclear generation
- Workers at generation, transmission, and electric blackstart facilities
- Workers at Reliability Coordinator (RC), Balancing Authorities (BA), and primary and backup Control Centers (CC), including but not limited to independent system operators, regional transmission organizations, and balancing authorities
- Mutual assistance personnel
- IT and OT technology staff – for EMS (Energy Management Systems) and Supervisory Control and Data Acquisition (SCADA) systems, and utility data centers; Cybersecurity engineers; cybersecurity risk management
- Vegetation management crews and traffic workers who support
- Environmental remediation/monitoring technicians
- Instrumentation, protection, and control technicians

#### Petroleum workers:

- Petroleum product storage, pipeline, marine transport, terminals, rail transport, road transport
- Crude oil storage facilities, pipeline, and marine transport
- Petroleum refinery facilities
- Petroleum security operations center employees and workers who support emergency response services
- Petroleum operations control rooms/centers
- Petroleum drilling, extraction, production, processing, refining, terminal operations, transporting, and retail for use as end-use fuels or feedstocks for chemical manufacturing
- Onshore and offshore operations for maintenance and emergency response
- Retail fuel centers such as gas stations and truck stops, and the distribution systems that support them

#### Natural and propane gas workers:

- Natural gas transmission and distribution pipelines, including compressor stations
- Underground storage of natural gas
- Natural gas processing plants, and those that deal with natural gas liquids
- Liquefied Natural Gas (LNG) facilities
- Natural gas security operations center, natural gas operations dispatch and control rooms/centers natural gas emergency response and customer emergencies, including natural gas leak calls
- Drilling, production, processing, refining, and transporting natural gas for use as end-use fuels, feedstocks for chemical manufacturing, or use in electricity generation
- Propane gas dispatch and control rooms and emergency response and customer emergencies, including propane leak calls
- Propane gas service maintenance and restoration, including call centers

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## Essential Critical Infrastructure Workforce

- Processing, refining, and transporting natural liquids, including propane gas, for use as end-use fuels or feedstocks for chemical manufacturing
- Propane gas storage, transmission, and distribution centers

## WATER AND WASTEWATER

Employees needed to operate and maintain drinking water and wastewater/drainage infrastructure, including:

- Operational staff at water authorities
- Operational staff at community water systems
- Operational staff at wastewater treatment facilities
- Workers repairing water and wastewater conveyances and performing required sampling or monitoring
- Operational staff for water distribution and testing
- Operational staff at wastewater collection facilities
- Operational staff and technical support for SCADA Control systems
- Chemical disinfectant suppliers for wastewater and personnel protection
- Workers that maintain digital systems infrastructure supporting water and wastewater operations

## TRANSPORTATION AND LOGISTICS

- Employees supporting or enabling transportation functions, including dispatchers, maintenance and repair technicians, warehouse workers, truck stop and rest area workers, and workers that maintain and inspect infrastructure (including those that require cross-border travel)
- Employees of firms providing services that enable logistics operations, including cooling, storing, packaging, and distributing products for wholesale or retail sale or use.
- Mass transit workers
- Workers responsible for operating dispatching passenger, commuter and freight trains and maintaining rail infrastructure and equipment
- Maritime transportation workers - port workers, mariners, equipment operators
- Truck drivers who haul hazardous and waste materials to support critical infrastructure, capabilities, functions, and services
- Automotive repair and maintenance facilities
- Manufacturers and distributors (to include service centers and related operations) of packaging materials, pallets, crates, containers, and other supplies needed to support manufacturing, packaging staging and distribution operations
- Postal and shipping workers, to include private companies
- Employees who repair and maintain vehicles, aircraft, rail equipment, marine vessels, and the equipment and infrastructure that enables operations that encompass movement of cargo and passengers
- Air transportation employees, including air traffic controllers, ramp personnel, aviation security, and aviation management
- Workers who support the maintenance and operation of cargo by air transportation, including flight crews, maintenance, airport operations, and other on- and off- airport facilities workers

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## Essential Critical Infrastructure Workforce

### PUBLIC WORKS

- Workers who support the operation, inspection, and maintenance of essential dams, locks and levees
- Workers who support the operation, inspection, and maintenance of essential public works facilities and operations, including bridges, water and sewer main breaks, fleet maintenance personnel, construction of critical or strategic infrastructure, traffic signal maintenance, emergency location services for buried utilities, maintenance of digital systems infrastructure supporting public works operations, and other emergent issues
- Workers such as plumbers, electricians, exterminators, and other service providers who provide services that are necessary to maintaining the safety, sanitation, and essential operation of residences
- Support, such as road and line clearing, to ensure the availability of needed facilities, transportation, energy and communications
- Support to ensure the effective removal, storage, and disposal of residential and commercial solid waste and hazardous waste

### COMMUNICATIONS AND INFORMATION TECHNOLOGY

#### Communications:

- Maintenance of communications infrastructure- including privately owned and maintained communication systems- supported by technicians, operators, call-centers, wireline and wireless providers, cable service providers, satellite operations, undersea cable landing stations, Internet Exchange Points, and manufacturers and distributors of communications equipment
- Workers who support radio, television, and media service, including, but not limited to front line news reporters, studio, and technicians for newsgathering and reporting
- Workers at Independent System Operators and Regional Transmission Organizations, and Network Operations staff, engineers and/or technicians to manage the network or operate facilities
- Engineers, technicians and associated personnel responsible for infrastructure construction and restoration, including contractors for construction and engineering of fiber optic cables
- Installation, maintenance and repair technicians that establish, support or repair service as needed
- Central office personnel to maintain and operate central office, data centers, and other network office facilities
- Customer service and support staff, including managed and professional services as well as remote providers of support to transitioning employees to set up and maintain home offices, who interface with customers to manage or support service environments and security issues, including payroll, billing, fraud, and troubleshooting
- Dispatchers involved with service repair and restoration

#### Information Technology:

- Workers who support command centers, including, but not limited to Network Operations Command Center, Broadcast Operations Control Center and Security Operations Command Center
- Data center operators, including system administrators, HVAC & electrical engineers, security personnel, IT managers, data transfer solutions engineers, software and hardware engineers, and database administrators
- Client service centers, field engineers, and other technicians supporting critical infrastructure, as well as

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## Essential Critical Infrastructure Workforce

manufacturers and supply chain vendors that provide hardware and software, and information technology equipment (to include microelectronics and semiconductors) for critical infrastructure

- Workers responding to cyber incidents involving critical infrastructure, including medical facilities, SLTT governments and federal facilities, energy and utilities, and banks and financial institutions, and other critical infrastructure categories and personnel
- Workers supporting the provision of essential global, national and local infrastructure for computing services (incl. cloud computing services), business infrastructure, web-based services, and critical manufacturing
- Workers supporting communications systems and information technology used by law enforcement, public safety, medical, energy and other critical industries
- Support required for continuity of services, including janitorial/cleaning personnel

## OTHER COMMUNITY-BASED GOVERNMENT OPERATIONS AND ESSENTIAL FUNCTIONS

- Workers to ensure continuity of building functions
- Security staff to maintain building access control and physical security measures
- Elections personnel
- Federal, State, and Local, Tribal, and Territorial employees who support Mission Essential Functions and communications networks
- Trade Officials (FTA negotiators; international data flow administrators)
- Weather forecasters
- Workers that maintain digital systems infrastructure supporting other critical government operations
- Workers at operations centers necessary to maintain other essential functions
- Workers who support necessary credentialing, vetting and licensing operations for transportation workers
- Customs workers who are critical to facilitating trade in support of the national emergency response supply chain
- Educators supporting public and private K-12 schools, colleges, and universities for purposes of facilitating distance learning or performing other essential functions, if operating under rules for social distancing
- Hotel Workers where hotels are used for COVID-19 mitigation and containment measures

## CRITICAL MANUFACTURING

- Workers necessary for the manufacturing of materials and products needed for medical supply chains, transportation, energy, communications, food and agriculture, chemical manufacturing, nuclear facilities, the operation of dams, water and wastewater treatment, emergency services, and the defense industrial base.

## HAZARDOUS MATERIALS

- Workers at nuclear facilities, workers managing medical waste, workers managing waste from pharmaceuticals and medical material production, and workers at laboratories processing test kits
- Workers who support hazardous materials response and cleanup
- Workers who maintain digital systems infrastructure supporting hazardous materials management operations

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## Essential Critical Infrastructure Workforce

### FINANCIAL SERVICES

- Workers who are needed to process and maintain systems for processing financial transactions and services (e.g., payment, clearing, and settlement; wholesale funding; insurance services; and capital markets activities)
- Workers who are needed to provide consumer access to banking and lending services, including ATMs, and to move currency and payments (e.g., armored cash carriers)
- Workers who support financial operations, such as those staffing data and security operations centers

### CHEMICAL

- Workers supporting the chemical and industrial gas supply chains, including workers at chemical manufacturing plants, workers in laboratories, workers at distribution facilities, workers who transport basic raw chemical materials to the producers of industrial and consumer goods, including hand sanitizers, food and food additives, pharmaceuticals, textiles, and paper products.
- Workers supporting the safe transportation of chemicals, including those supporting tank truck cleaning facilities and workers who manufacture packaging items
- Workers supporting the production of protective cleaning and medical solutions, personal protective equipment, and packaging that prevents the contamination of food, water, medicine, among others essential products
- Workers supporting the operation and maintenance of facilities (particularly those with high risk chemicals and/or sites that cannot be shut down) whose work cannot be done remotely and requires the presence of highly trained personnel to ensure safe operations, including plant contract workers who provide inspections
- Workers who support the production and transportation of chlorine and alkali manufacturing, single-use plastics, and packaging that prevents the contamination or supports the continued manufacture of food, water, medicine, and other essential products, including glass container manufacturing

### DEFENSE INDUSTRIAL BASE

- Workers who support the essential services required to meet national security commitments to the federal government and U.S. Military. These individuals, include but are not limited to, aerospace; mechanical and software engineers, manufacturing/production workers; IT support; security staff; security personnel; intelligence support, aircraft and weapon system mechanics and maintainers
- Personnel working for companies, and their subcontractors, who perform under contract to the Department of Defense providing materials and services to the Department of Defense, and government-owned/contractor-operated and government-owned/government-operated facilities

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**County Judge Lina Hidalgo**  
DIRECTOR

**ORDER  
EXTENDING AND AMENDING  
THE ORDER OF COUNTY JUDGE LINA HIDALGO  
Stay Home, Work Safe**

Whereas, on March 11, 2020, a Declaration of Local Disaster for Public Health Emergency was issued to allow Harris County to take measures to reduce the possibility of exposure to COVID-19 and promote the health and safety of Harris County residents; and

Whereas, on March 13, 2020, a Declaration of State of Disaster was issued by Governor Abbott to take additional steps to prepare for, respond to, and mitigate the spread of COVID-19 to protect the health and welfare of Texans; and

Whereas, on March 19, 2020, Governor Abbott issued the first Public Health Disaster Declaration released in the State of Texas since 1901 and an Executive Order which, among other things, prohibits Texans from gathering in groups of more than ten persons; and

Whereas, on March 24, 2020, the Harris County Judge issued a "Stay Home, Work Safe" Order prohibiting gatherings and providing that residents stay home other than to perform Essential Services as defined in Federal guidance. The Stay Home, Work Safe order provided that in performing or obtaining Essential Services, residents should follow Center for Disease Control and Prevention "CDC" guidelines on social distancing.

Whereas, on March 31, 2020, Governor Abbot issued Executive Order No. GA-14 relating to statewide continuity of essential services and activities during the COVID-19 disaster. which order was to be in effect and in full force until April 30, 2020; and

Whereas, the COVID-19 virus is contagious and spreads through person-to-person contact, especially in group settings, and gatherings of any kind during this time create a substantial threat to public health and safety; and

Whereas, the Centers for Disease Control and Prevention ("CDC") recommends an "All of Community" approach focused on slowing the transmission of COVID-19 through social distancing to reduce illness and death, while minimizing social and economic impacts; and

Whereas, given the ongoing evaluation of circumstances related to the COVID-19 virus, the updated recommendations of the Centers for Disease Control and the Texas Department of

State Health Services, and the substantial risks posed by the COVID-19 virus to Harris County residents and their property, the following extraordinary measures must be taken to protect the public's safety.

Whereas, this Amended Order is intended to ensure that the Stay Home, Work Safe Order and Executive Order No. GA-14 relating to are read in conformity with one another regarding continuity of essential services.

**NOW THEREFORE, I, COUNTY JUDGE FOR HARRIS COUNTY, TEXAS, PURSUANT TO THE AUTHORITY VESTED BY TEXAS GOVERNMENT CODE CHAPTER 418, HEREBY EXTEND AND AMEND THE MARCH 24, 2020 STAY HOME WORK SAFE ORDER AS FOLLOWS**

The Stay Home, Work Safe order signed on March 24, 2020 is extended and will continue through 11:59 p.m. on April 30, 2020.

**Section 2.a.vi. is hereby added to read as follows:** Faith leaders who provide religious and worship services by video and teleconference enable Harris County to greatly limit the spread of COVID-19 and the exponential growth of cases. Faith leaders may minister and counsel in individual settings, so long as social distancing protocols are followed. Per the Texas Attorney General's guidance on this topic, if religious services cannot be conducted from home or through remote services, then religious services may be conducted in churches, congregations, and houses of worship. Such services should be conducted consistent with the Guidelines from the President and the CDC by practicing good hygiene, environmental cleanliness, sanitation, and implementing social distancing. Faith leaders should consult the Texas Attorney General's guidance on this topic here:<https://www.texasattorneygeneral.gov/sites/default/files/images/admin/2020/Press/AG%20Guidance%20for%20Houses%20of%20Worship%20During%20the%20COVID-19%20Crisis.pdf>

**Section 2.b.i.: Essential Critical Infrastructure.** Work necessary to the operations and maintenance of the 16 critical infrastructure sectors identified by the U.S. Department of Homeland Security National Cybersecurity and Infrastructure Security Agency (CISA), Version 2.0, as well as Texas Division of Emergency Management's (TDEM) online list of additional essential services as they are approved by TDEM ([www.tdem.texas.gov/essentialservices](http://www.tdem.texas.gov/essentialservices)), provided that they carry out those services or that work in compliance with social distancing requirements of six feet to the extent possible. *See Attachment* (CISA's Guidance on Essential Critical Infrastructure Workforce, Version 2.0). Essential Businesses providing essential infrastructure should implement screening precautions to protect employees and all activities shall be performed in compliance with social distancing guidelines.

**Section 2.b.v.: Essential Retail.** Businesses that provide and support for food and agriculture as well as businesses that supply products needed for people to work from home, in conformity with CISA Guidance 2.0. Food producers and service providers, including grocery stores, warehouse stores, furniture suppliers, big box stores, bodegas, liquor stores, gas stations and convenience stores, farmers' markets that sell food products and household staples. Food cultivation, including farming, ranching, fishing, and livestock. Food production, including the production of canned goods, bottled beverages and other grocery items. Businesses that ship or deliver groceries, food, goods or services directly to residences. Restaurants and other facilities that prepare and serve food, but only for delivery, drive-thru or carry-out. Schools and other entities that typically provide free services to students or members of the public on a pick-up and take-away basis only. The restriction of delivery or carry-out does not apply to cafes and restaurants located within hospital and medical facilities. Laundromats, dry cleaners, and laundry service providers. Gas stations, auto supply, auto and bicycle repair, hardware stores, and related facilities.

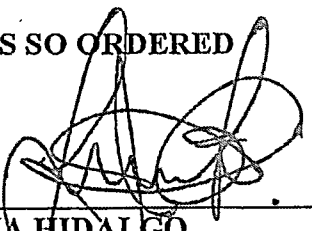
**Section 2.b.xii.: Transportation.** Businesses related to the operation, maintenance, construction, and manufacture of transportation services. For example, (a) vehicle manufacturers, automotive suppliers and parts departments, car dealerships in order to provide support of personal and commercial transportation services, parts distributors, maintenance and repair facilities; (b) public transportation; (c) businesses supporting airport operations; (d) street and highway maintenance and construction; (e) gas stations and other fuel distribution businesses; (f) vehicles for hire, including public transportation services, Uber, Lyft, and taxicabs, that enable persons to travel to or from employers, service providers, or businesses exempted in this Order. People riding on public transit must comply with the six-foot social distancing requirements to the greatest extent feasible.

All other terms of the March 24, 2020 Order remain in full force and effect.

This Amended Order takes effect at 12:00 a.m. on April 4, 2020 and will continue through 11:59 p.m. on April 30, 2020 or until it is either rescinded, superseded, or amended pursuant to applicable law.

**ORDERED** this 3rd day of April 2020, in the County of Harris, Texas.

**IT IS SO ORDERED**



\_\_\_\_\_  
**LINA HIDALGO**  
**HARRIS COUNTY JUDGE**

# **EXHIBIT C**



P.O. Box 4120  
Scottsdale, AZ 85261-4120  
480-365-4000  
1-800-423-7675

April 10, 2020

Al Flores  
Ybarra Investments Inc.  
2601 Underwood Road  
La Porte, TX 77571

RE: Claim No.: 01951082  
Insured: Ybarra Investments Inc.  
Underwriting Co.: Scottsdale Insurance Company  
Policy No.: CPS3183471  
Date of Loss: March 17, 2020  
Loss Location: 2601 Underwood Road La Porte, TX 77571  
Type of Loss: Business Income

Dear Mr. Flores:

We understand your business has sustained a suspension of your operations due to the Coronavirus outbreak. You confirmed no damage to property at your insured premises or at a nearby premises caused the suspension of your operations.

As we discussed, the policy only provides coverage for loss of business income when the suspension of your operations is the result of direct physical loss of or damage to property at the insured premises from a covered cause of loss, or is the result of a prohibition on access due to damage from a covered cause of loss to other property within one mile of the insured premises, and the prohibition on access is taken in response to dangerous physical conditions or to enable the government to have unimpeded access to the damaged property. The policy also excludes from coverage any loss due to a virus.

Please refer to the policy, form CP 00 10 (10/12) BUSINESS AND PERSONAL PROPERTY COVERAGE FORM, which reads as follows:

**A. Coverage**

**We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.**

Please refer to the policy, form CP 00 30 (10/12) BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, which reads as follows:

**A. Coverage**

Al Flores  
April 10, 2020  
Page 2

**1. Business Income**

**Business Income means the:**

- a. **Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and**
- b. **Continuing normal operating expenses incurred, including payroll.**

**Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:**

- (1) **Business Income Including "Rental Value".**
- (2) **Business Income Other Than "Rental Value".**
- (3) **"Rental Value".**

**If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.**

**If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.**

**We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises**

**5. Additional Coverages**

- a. **Civil Authority**



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**In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations. When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:**

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and**
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.**

**Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.**

**Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:**

- (1) Four consecutive weeks after the date of that action; or**
- (2) When your Civil Authority Coverage for Business Income ends;**

**whichever is later.**

**We now call your attention to the Causes of Loss Form, Form No. CP 10 30 (09-17) CAUSES OF LOSS – SPECIAL FORM, which states:**

**A. Covered Causes Of Loss**



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**When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.**

The policy also contains the following endorsement CP 01 40 (07/06) that reads as follows:

**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

**This endorsement modifies insurance provided under the following:**

**COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY**

**A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.**

**B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.**

**However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.**

**C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".**

**D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:**

**1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and**

**2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.**

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- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.**

Business income coverage applies when a suspension of your operations is caused by direct physical damage to property at your insured premises from a covered cause of loss. You confirmed no damage to property at your insured premises caused the suspension of your operations. Therefore, the business income coverage is not applicable. Similarly, the additional coverage for business income loss that results from a prohibition on access to your premises because of action of civil authority requires damage to property within one mile of your insured premises from a covered cause of loss, and the prohibition on access is taken in response to dangerous physical conditions or to enable the government to have unimpeded access to the damaged property, which also did not occur. Finally, the policy also excludes from coverage any loss caused by a virus.

Therefore, no coverage is provided for any loss of income sustained due to the suspension of your operations as a result of the outbreak of the COVID-19 coronavirus. Unfortunately, we will not be able to make any payment.

Scottsdale Insurance Company reserves the right to review any additional claims or amendments to this claim and to make a separate determination as to whether a new claim or amendment to this claim is covered by the policy. Any decision we make regarding coverage is based on the facts as presented to us prior to our coverage determination and should not be construed as applicable to a new claim or an amendment to this claim. Our right to have notice of either situation is reserved, as are the notice conditions of the policy.

The state of Texas requires we advise of the following: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

If you believe there is additional information that should be considered or some other reason the policy should provide coverage, please provide that information in writing as soon as possible upon receipt of this letter.

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Sincerely,

A handwritten signature in black ink, appearing to be 'Monique Moore', with a stylized, cursive script.

Monique Moore  
Claim Representative  
E&S/Specialty  
480-365-2492  
480-483-6752 fax  
[Moorm30@nationwide.com](mailto:Moorm30@nationwide.com)

cc: Agent 42042